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Central Eurasia

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Russia, Kazakhstan, Belarus Sign Customs Union Agreement

LD2801140795 Moscow ITAR-TASS World Service in Russian 1305 GMT 28 Jan 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 28 Jan—The heads of government of Russia, Belarus, and Kazakhstan today signed a memorandum on a customs union at the House of Government of the Russian Federation. Viktor Chernomyrdin, Mikhail Chyhir, and Akezhan Qazhygeldin called on the remaining members of the CIS to hasten to join a now trilateral foreign trade alliance, which is being set up in accordance with agreements reached earlier by the presidents of the three states.

Russian Deputy Prime Minister Aleksey Bolshakov, the member of the government who handles matters relating to integration within the CIS, told an ITAR-TASS correspondent in an interview that unified customs regulations, based on the Russian customs code, would henceforth operate on the territories of Russia, Belarus, and Kazakhstan and that foreign trade activities would be built on the principle of equality.

The prime ministers of the three countries also signed today a protocol and program of action to deepen integration within the framework of the economic union of the CIS.

Prospects for Separatism in North Caucasus

954F1010A Moscow NEZAVISIMAYA GAZETA in Russian 20 Jan 95 p 3

[Article by Vadim Shorokhov: "The Chechen Confrontation and Around It: Moscow Has Done Everything To Fortify the Positions of Separatism Throughout the Caucasus"]

[FBIS Translated Text] An understanding of the current crisis in Chechnya is impossible without an idea of the republic's position in the Caucasus and the development of its relations with the North Caucasus and Transcaucasus regions over the last three years.

The August putsch (19-21 August) of 1991, which signified the conclusive disintegration of the USSR and the formation of the CIS, stimulated national movements in the Russian republics.

The most radical positions in the North Caucasus were held by the National Congress of the Chechen People, whose executive committee was headed (as of November 1990) by Dzhokhar Dudayev. On 6 September Chechnya, headed by President Dudayev, proclaimed independence. The Chechen leadership initiated the creation of the Confederation of Peoples of the Caucasus (consisting of 16 nations, of the North Caucasus, in the main) and promoted the idea of a "Caucasian home."

The key geostrategic position in the Caucasus and control of "vital arteries"—the Baku-Rostov railroad and motor highway and oil and gas pipelines to Dagestan and Azerbaijan—enabled Chechnya for three years to pursue an independent policy. The support of Abkhazia (volunteers, weapons), Ingushetia, and Georgia (strongly dependent on the personal friendship of Dudayev and Gamsakhurdia and dislike of Shevardnadze, which grew into support for Megrelia against Georgian officialdom) led to the formation in the North Caucasus of an amorphous geopolitical zone with republics occupying an increasingly active independent position.

Potential ethnic conflicts with Ingushetia over Chechen villages in Maglobekskiy and Sunzhenskiy districts and with Dagestan (the Chechen-Akkintsy, approximately 100,000, were in an arrangement with the Avartsy and Laktsy returned to Novolakskiy—the former Aukhovskiy—and parts of Kazbekovskiy and Khasavyurtovskiy districts—this is, perhaps, the sole example of a peaceful resolution of a conflict in the post-Soviet space) were shifted to the framework of a peaceful negotiating process. The problem of the Cossacks (Stavropol Kray's Naurskiy and Shelkovskiy districts had been transferred to Chechnya in 1957) and the creation of the Republic of the Terskoye Cossack Horde (with its center in Dagestan's Kizlyar) was put on ice and not recognized by officials of the Russian Federation. Meanwhile there remained at this time in Chechnya of the 450,000 Russians who lived in Checheno-Ingushetia in 1990 some 150,000-200,000 (100,000-110,000 on 20 December). According to Red Cross estimates, on 26 December 1994 there were some 60,000 refugees in Ingushetia, 20,000 in Dagestan, and approximately 50,000 in the Mozdok area, and in Chechnya itself, 150,000 displaced persons.

On the whole, **the following alignment of forces has taken shape in the Caucasus:** a union of North Caucasus peoples (except for the Turki)—the Confederation of Peoples of the Caucasus, which was unofficially supported by Russia (until the recent events of the summer of 1994) in the conflicts with Georgia; Georgia and Azerbaijan, which are endeavoring to integrate in the reforming European institutions—the European Union, NATO, and the CSCE (now the OSCE). The Russian North Caucasus and Armenia on the one hand, Georgia and Azerbaijan on the other.

Five geopolitical zones may thus be distinguished in the Caucasus:

1. The Russian barrier—Krasnodar and Stavropol Krays, Kalmykia, and Astrakhan Oblast with the marginal Cossack regions.

2. The KNK [Confederation of Peoples of the Caucasus]—Adygea, Cherkessia, Kabarda, North Ossetia, Ingushetia, Chechnya, and Dagestan (and also adjoining Abkhazia, South Ossetia, and, possibly, the Lezgin areas of Azerbaijan).

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3. Georgia and Azerbaijan—the effective zone of the CSCE (OSCE) and NATO.

4. Armenia (with its territorial claims on Georgia—Dzhavakhetia—and Azerbaijan—Nagornyy Karabakh) and Ajaria, which is controlled by Russian troops.

5. Turkey and Iran.

As a result Russia found itself under the conditions of the declaration of sovereignty in 1991 by the former autonomies pushed back from the border, moreover, it acquired in some sense a fifth column in its relations with Georgia and Azerbaijan (it is not fortuitous that the Russian media are whipping up the topic of assistance to Chechnya on the part of Azerbaijan). In the aspect of relations with Georgia and Azerbaijan, Russia's border territory has come to be echeloned: divided into Russia proper (the steppe and Cossack areas of the North Caucasus) and the Russia of highland peoples (the highland areas of the North Caucasus). The highland peoples at the level of social and political movements or at the top level independently, bypassing the federal center, have embarked on a relationship with the Transcaucasus states.

In all conflicts between the North Caucasus and Transcaucasus peoples, Georgia and Azerbaijan have appealed and will continue to appeal to Russia as the defendant responsible for the "behavior" of the former autonomies. Thus the sovereignty of Abkhazia (proclamation of a constitution on 26 November) meant not only a weakening of Georgia but also a strengthening of Chechnya. Consequently, now, when Abkhazia is under the protection of Russian troops and the Abkhaz and Karabakh problems have switched to the phase of a negotiating process, considering the military presence in Georgia and the economic presence in Azerbaijan, the independent Chechen Republic has ceased to be of decisive significance for Russian policy in the Transcaucasus. On the contrary, another task is now moving onto the agenda: establishing transport links with Georgia and Azerbaijan. Chechnya, however, is impeding this: A decision was adopted in August even on the construction of roundabout transport communication lines—a railroad and an oil pipeline. And with the curtailment of navigation on the Caspian Dagestan could find itself virtually isolated from the rest of Russia.

The economy of Chechnya itself is in a profound and protracted crisis: Gross national income has declined 70 percent, according to opposition estimates, and approximately $9 billion petrodollars have vanished without trace in government circles and all railroad communications power and traction substations have been liquidated in the past three years, approximately 2,000 cars and containers were robbed on the Groznyy Division of the North Caucasus Railroad in eight months of 1994, and losses constituted more than R11 billion—R1 trillion have been allocated for economic assistance to Chechnya, according to Deputy Prime Minister Oleg Soskovets (R400 billion were spent on military operations in Chechnya from 11 through 21 December).

Following the special KNK congress in Nalchik (11 December), volunteers have been mobilized in accordance with a directive of the parliament in Adygea, Cherkessk, Nalchik, Vladikavkaz, and Nazran and in Dagestan (the number of volunteers is put at 10,000-15,000). With the exacerbation of the crisis the old disagreements in the KNK (which has split into supporters and opponents of Dudayev) have been reflected in the behavior of its leaders. The resignation of KNK President Musa Shanibov is, possibly, a manifestation of these disagreements, as is also the fact that the confederation, which lays claim to the role of North Caucasus peacemaker, was unable to extinguish the crisis at the time of the intra-Chechen demarcation. Shanibov himself was not on particularly friendly terms with Dudayev personally and was not among the most radical figures of the organization. In any event, he allowed himself, as a rule, to be persuaded against drastic steps and artificially forced disagreements with the official authorities of the North Caucasus republics.

Ali Aliyev, chairman of the KNK parliament, is in Groznyy and intends to uphold more consistently the pro-Chechen line in the confederation. In Abkhazia the armed forces have been brought to a state of full operational readiness "on account of the anticipated military threat on the part of the Republic of Georgia." Eduard Shevardnadze's Press Office declared in response that "full operational readiness in Abkhazia was announced in connection with the events in Chechnya, not on account of nonexistent threats from the side of the Inguri."

The opposition National Liberation Front of Georgia Central Council called for "advantage to be taken of the extremely propitious moment connected with the development of political events." Otherwise "Georgia will inevitably find itself pulled into a Caucasus war, but under conditions that are patently disadvantageous to itself. And then we would lose Abkhazia conclusively." At this same time two Abkhaz battalions supplied with weapons and equipment have been sent to Chechnya.

The border troops of Georgia on the mountain paths leading to the North Caucasus have been brought to a state of full combat readiness to prevent military assistance getting through to Chechnya. The significance of the relations of Chechnya and the Transcaucasus have been confirmed by a decision of the Government of the Russian Federation, which is suspending air traffic with Azerbaijan and Georgia from airports of Ingushetia, Dagestan, North Ossetia, Kabardino-Balkaria, Krasnodar and Stavropol Krays, and Astrakhan and Rostov Oblasts and also sea communications with these states from ports of the Russian Federation in the Black Sea, the Sea of Azov, and the Caspian (21 December).

Russia's decision to close its borders with Georgia and Azerbaijan evoked a sharply negative response in Baku.

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Gasan Gasanov, head of the Ministry of Foreign Affairs, declared on 21 December that "there were insufficient grounds for such a step" and that Moscow had not consulted Baku. The minister made it understood that such a decision could have a serious effect on the relations between Russia and Azerbaijan. This step was taken more calmly in Tbilisi.

The Abkhaz leadership accused Russia of having placed "the population of the republic under the most brutal blockade conditions" and said that "the inhabitants of Abkhazia have found themselves on a reservation, virtually." In turn, Vladimir Shumeyko, chairman of the Federation Council of the Russian Federation, threatened to pull the 3,000-man peacekeeping contingent out of Abkhazia (the six months allotted for the operation are just about up). If Abkhazia accommodates the Chechens' military bases in the vicinity of Lake Ritsa and in the Kodorskoye Gorge, Russia will move troops up to the border.

The Cossacks of the south of Russia, who fought in Abkhazia on the same side of the Chechens, have now found themselves on different lines of the front: Vladimir Naumov, comrade ataman of the Union of Cossacks of Russia, declared that the Terskiye and Kuban Cossacks were already forming four battalions for "participation in the process of the restoration of constitutional order in Chechnya."

Of all the republics of the North Caucasus, the activity of Dagestan is particularly significant. Thus whereas at the time of the Abkhaz conflict the Dagestanis were more sluggish than their Chechnya or Kabarda neighbors, now, as Musa Shanibov, the ex-president of the KNK put it, "this republic has finally woken up." Active Dagestan with its ethnic mosaic makeup and internal contradictions (between the Laktsy and the Kumyks, Lezgin and Azerbaijanis) represents a threat to interethnic harmony in the North Caucasus.

Valeriy Kokov, president of Kabardino-Balkaria, has promised the members of the confederation on oath that a resolution condemning the Russian aggression will be adopted at a special session of the republic in the next few days, and Ruslan Aushev, president of Ingushetia, has declared that "Ingushetia, like the whole of the Caucasus, is being pushed into secession from Russia" and, further, that "...it is impossible to erect any economic prosperity zones on the blood of neighbors, brothers even more. I am no less interested than Groznyy in peace negotiations on Chechnya because their war is already becoming ours."

Thus a peripheral problem that could block a peaceful solution of the Chechen crisis is the stimulation of national movements of the North Caucasus. Faced with this threat, it would be possible in exchange for unconcealed military pressure to take into the ring of economic and military blockade not only Groznyy but the entire North Caucasus also, which would undoubtedly in this case suffocate, but this would evoke such an anti-Russian mood that "internal" refugees would appear in Russia.

The proposition concerning the threat of Islamic radicalism could only be abused in this connection in the expectation of the stable allergy to it of the West. But one stable property of the KNK has been manifested today with the same regularity as at the height of the Abkhaz conflict: This organization may exist as organized and consolidated only under the conditions of conflict. With the appearance of an external enemy the members of the confederation forget about their internal problems. And the ranks of the confederates are replenished with each new surge of tension. An example of this are Dagestan and Kabarda, whose national movements are already demanding of their governments (with the threat of their possible removal from office) official support for Chechnya and taking Dudayev's part. Under the conditions of war preponderant influence is enjoyed by leaders "compensating" for the noninterference of official leaders with their own radicalism (Dagestan and Kabarda). The lack of thought behind them, the inconsistency, and the haste of the operations—all this is reason to suppose that account has likewise not been taken of the political results of the conversion of the North Caucasus region into a zone of permanent instability, and an appreciable reduction in the extent of the state's defense capability on its southern borders may be expected (how will this be correlated with the Treaty on a Reduction in Conventional Arms?).

The Chechen precedent could entail the formation of a territorial state of the KNK with a preponderance of Muslims and the detachment of Christian Ossetia, Georgia, and Armenia from the territory of Russia itself (Krasnodar and Stavropol Krays, Astrakhan Oblast). Chechnya's existence is a substantial obstacle to the construction of oil and gas pipelines from Kazakhstan, North Asia, Azerbaijan, and Iran to the Black Sea (Novorossiysk) and to Europe, and the Turkish route is, correspondingly, becoming more practicable.

Consequently, in the context of contemporary regional policy in the North Caucasus and the foreign policy of the Russian Federation in the Transcaucasus the Chechen Republic is impeding integration processes in the economic and transport-communications space of the CIS.

The majority of states have reacted to the events in Chechnya with great restraint, characterizing them as Russia's internal affair. Within the framework of this position certain countries with a preponderant Muslim population (Turkey, Jordan, and Saudi Arabia, for example) have expressed particular concern at what is happening, referring to the traditional ethnic and cultural ties to the Caucasus and the Transcaucasus.

The strategic importance of the restoration of order and legality in Chechnya are meeting with understanding in the American media. "The North Caucasus, where

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Chechnya is situated, is vitally important for Russia's defenses, and Russia's weakness there would cause even greater weakness throughout the region, including Georgia, Armenia, and Azerbaijan—this being a place of extraordinarily swiftly changing political alliances and oil pipelines of immense value" (THE NEW YORK TIMES). But Michael Specter, the Moscow correspondent of THE NEW YORK TIMES, observes that Russia "has for the first time since the collapse of the USSR brought such colossal military power crashing down on its own citizens, and the country's political stability is in tremendous danger," and Claudia Rosset writes in THE WALL STREET JOURNAL that the push to the South is putting the foundations of Russian democracy greatly to the test and could be reflected both in the reforms and in relations with the West inasmuch as the Chechen crisis is being superimposed on disagreements over the Bosnian and Karabakh conflicts and the problems of Iraq and the admittance to NATO of the East European countries. Jacques Delors, former chairman of the European Commission, declared that Russia's actions testify to an aspiration to restore the USSR, and a resolution of the Europarliament calls attention to this trend also. The Ministry of Foreign Affairs of the Russian Federation has warned the world community against "attempts to internationalize the events in Chechnya."

For the first time since 1991 a real threat of disintegration hangs over Russia. Never has it been so close to this—neither at the time of the sovereignty parade, which was begun by the Russian autonomies and ended in Russian oblasts and krays; nor at the time of the culmination—spring of 1992—when, following the referendum in Tatarstan, the country anxiously awaited the results of the altercation between Kazan and Moscow; nor even in the period of the events of October 1993, when the Russian heartland was split into supporters of the Supreme Soviet and the president. But in the case of Chechnya, whose authorities, it has been ascertained, are prepared to concede a considerable part of the proclaimed sovereignty (joint defenses and economic system, a single financial and energy space, federal property, and so forth), the critical point has been passed.

Even if the armed operations in Chechnya are halted, this will essentially change little. Russia's "Caucasus war" is already taking place. The Russian authorities have done everything possible to seriously fortify the positions of radical separatism not only in Chechnya and throughout the Caucasus but also, perhaps, in the vast majority of their republics. The integration trends in the CIS have since the start of the Chechen crisis begun to weaken rapidly, and the process of affiliation to NATO of the East European countries has enjoyed additional stimulus. An intensification of the role of the OSCE in a settlement of the Transcaucasus conflicts should be expected also.

Moscow officialdom tried for three long years to ignore the Chechen problem. And suddenly decided "to restore order with a decisive strike." The heart of the matter, as representatives of both the left and right opposition have observed unanimously, is that the president and his entourage are experiencing the latest crisis of power.

It is not the problems of "territorial integrity" and the "restoration of constitutional order" that are being resolved today by the federal authorities in the Caucasus but the problem of power in Moscow, more precisely, the preservation of this power. It is for this reason that of all the possible scenarios of the development of events, the worst was chosen—with flank assaults via explosive Ingushetia and Dagestan and with air raids, tanks, and "rocket and bomb attacks." Because the main aim is to stir up the Caucasus and, then, the whole country also. To provoke unrest and force the Duma to proceed toward impeachment and then, having dissolved the members of parliament, to introduce a state of emergency in the country or, on the other hand, to simply strike one further powerful blow at the opposition, from which it could not soon recover.

The military scenario of the restoration of constitutional order has been adopted in the president's entourage. Whereas until recently approximately a dozen Chechen aircraft were making trips on unknown routes daily, now Chechnya has been deprived of the possibility of obtaining economic and military assistance. The blockade of Groznyy on the ground and in the air is to force the Chechen leaders to comply with Moscow's conditions—to disarm and announce a readiness to hold elections under the supervision of the Russian authorities and international observers. No other versions can be accepted. The approaching winter will force the Chechen authorities—the leaders of the clans—and also influential people from the Moscow and Petersburg diasporas to be more tractable, and they will step up their pressure on Dudayev. This will be a lengthy process, possibly, but it would seem that the federal authorities have no intention of retreating from their plans.

ITAR-TASS Carries Press Review for 28 Jan

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["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow January 28—Today's leading newspapers do not focus on any particular topic.

"The level of our intelligence officers is very high on the whole. Of course, there are different people... However, apart from a stiff system of screening and professional training, actualities of life make our officers be extremely resourceful," said Grigoriy Rapota, deputy director of the Russian Foreign Intelligence Service (FIS) in an interview with the NEZAVISIMAYA GAZETA newspaper.

Defining aims facing the FIS, Rapota noted that "the main task" is "to single out dangers to national interests emanating from outside the country".

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"I'd like to point to the strengthening of the economic and defence potentials of our country among top priorities for the FIS," he said. "We see a desire to turn us into a raw materials appendage, to cut from the market of advanced technologies and to weaken military might."

ROSSIISKAYA GAZETA newspaper carries an interview with director of the Federal Counterintelligence Service (FCIS) Sergey Stepashin who, confirming the official position of the Russian leaders, also claims that "the stage of military operations with the participation of Army units (eds: in Chechnya) has been completed".

According to Stepashin, "economic problems now become the most important part". Asked what the tasks of the FCIS are now in Chechnya, Stepashin replied: "to fulfil the same function as here: counterintelligence, struggle against terrorism, hunt for criminals, including mercenaries".

The same newspaper again raises the question about the VOENNIY PARAD magazine which, according to the newspaper, is published in Russia "by a U.S. national with CIA money".

The newspaper notes in this connection that "American secret services are very interested in preserving the magazine as an important source of secret information".

The ROSSIISKIYE VESTI newspaper informs its readers that, according to a public opinion poll, 87 per cent of Russian industrialists forecast a price hike for their goods as against 85 per cent last December.

The IZVESTIYA and KOMSOMOLSKAYA PRAVDA newspapers pay attention to the incident with the Norwegian rocket. "A high-ranking official at the Russian Defence Ministry," IZVESTIYA writes, "said in a confidential talk that the launching of the Norwegian rocket was a complete surprise for Russian air defence forces.

"The high-ranking official refused to say whether any statement will be made on the launching of the Norwegian research rocket. Nevertheless, the situation is becoming too scandalous for our generals to continue to keep mum," the daily notes.

In the opinion of KOMSOMOLSKAYA PRAVDA, "the incident with the Norwegian weather rocket will, may be, 'clean' to some extent the reputation of the Defence Ministry and armed forces, which was heavily smeared in Groznyy and its suburbia.

"But it will be whitewashed only in the eyes of uninitiated Russian philistines. However, this will not be the case with the world public, the more so, with specialists."

The KRASNAYA ZVEZDA newspaper front-pages an address by units of the Russian Army in the Chechen Republic to the president, the chairman of the Russian Government, the speakers of the Russian parliament lower and upper houses, the defence minister and the chief of the Russian General Staff, where they demand "an end to discreditation of commanding officers of the Russian Armed Forces as well as all commanders and chiefs performing their military duties".

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U.S. Spy Plane Over Kamchatka Said Intercepted Last May

MK2801094095 Moscow SEGODNYA in Russian 28 Jan 95 p 3

[Report from Khabarovsk by Oleg Kryuchek under the "Costs" rubric: "U.S. Spy Plane Was Flying Over Kamchatka in May. Gullible Politicians Were Searching for it in January"]

[FBIS Translated Text] A POSTFACTUM news agency report about valiant Far East Air Defense forces, which forced a U.S. spy plane to land, has aroused a real brouhaha first in diplomatic and then, of course, military circles. The Russian Foreign Ministry and the U.S. State Department turned out to be unprepared for such cases. The Russian military, in turn, appears to have become so used to the complete independence of their services that right after the POSTFACTUM report, all Russian journalists in the Far East were attacked by representatives of official and not very official U.S. and Russian agencies in incalculable numbers. People from the U.S. Consulate called and said off the record that top persons in Washington are displaying interest in the incident.

The INTERFAX news agency, which jealously keeps track of its competitor's failures, rather than successes, published a refutation the next day, saying that there had been no U.S. plane in Kamchatka, nor could there be any, because this is what a Federal Counterintelligence Service duty officer in charge of Kamchatka Oblast told it. INTERFAX, even if it reaped no applause, still managed to save Russian journalism's unblemished face. In the end, as is often the case, it turned out that readers, listeners, and viewers did not receive accurate information from anyone because (again, as often happens in Russia) there was a U.S. spy after all. To be more precise, there was a statement by Colonel Vasiliy Aristov, official spokesman for the Far East Air Defense Army, at the Khabarovsk Kray Duma's emergency meeting devoted to developments in Chechnya.

Apparently in an attempt to distract local legislators from Chechnya, Mr. Aristov publicly announced the Far East Air Defense Forces' intention to concentrate on their immediate business, and also recalled an interception of a U.S. spy over Kamchatka by Russian fighter jets. The general impression was that the aircraft had been forced to touch down literally the other day. Then the most curious things occurred. The Air Defense Army Staff confirmed Aristov's information. But only after consultations with the Defense Ministry leadership did representatives of the Far East Air Defense Army announce the actual date of the interception of the U.S. aircraft. Namely, May 1994. While announcing that, embarrassed military spokesmen mumbled something about the Americans' constant desire to violate Russian air borders.

Therefore, the old axiom regarding the lack of an instant and reliable government communications system in Russia was confirmed. It turned out that Russian officials more often than not check their life against POSTFACTUM or INTERFAX reports carried by correspondents who are "human, too."

'Little of Substance' in Clinton Message

MM2701113195 Moscow TRUD in Russian 27 Jan 95 p 6

[Report by Vissarion Sisnev: "Clinton at the Halfway Stage. U.S. President Delivers State of the Union Address to Congress"]

[FBIS Translated Text] Washington—The traditional annual address to the Americans, as they say, is by definition a major event in U.S. political life: The leader summarizes the results of what has been done, repents the mistakes, and talks about his administration's main aims for the year ahead.

On the eve of the address, White House Chief of Staff Leon Panetta said that without any doubt this will be the "most important speech of this presidency." A week before the state of the union address, Clinton published a 16-page record of his achievements in the past two years. To his surprise this quite objective document made almost no impression on the public. Clinton's rating remained unchanged.

If Clinton had had the time to read the article about him in the U.S. NEWS AND WORLD REPORT which appeared just before his state of the union address, the President would hardly have been pleased with the quote it contained from one of his entourage who wished to remain anonymous: "People already know that the President understands their problems and that he is on their side but they think that he is incompetent and that he cannot be believed." The opinion of the article's author would hardly be to his liking either: "The reason is that the President is a man with many faces: Today he is the implacable foe of the budget deficit but tomorrow he is a tax cutter; he supports homosexuals in the Army but he is a fervent supporter of traditional family values...." The list of contradictions in Clinton's positions goes on for another half-paragraph and the conclusion is that 42 percent of those polled by the magazine believe that Clinton should not run for president again.

He himself and his team, of course, do not agree with that view and an operations group has already been formed which is going to run the election campaign preparation right away. Few doubt that in fall of 1996 he will have to fight a one-man battle—in the sense that if anyone in the Democratic camp is going to win it is most likely him, and the Republican hegemony in Congress will almost certainly continue.

That is clearly why he chose "good will" and "reconciliation" as the main themes of his address. The thesis of "new consensus" was revived from his 1992 campaign, a thesis which holds that the government must provide the

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opportunity but each individual citizen bears the responsibility for his success or failure in life. The President called on the new Republican bosses on Capitol Hill to work together with him for the good of the whole nation. He had previously let it be known that he is ready to work out common approaches with the Republican Party on the fundamental problems such as reducing the budget deficit, cutting taxation on the middle class, increasing defense appropriations, reforming social security and health care, and cutting the size and extent of bureaucratic interference by the federal administration.

All these things correspond to the clearly expressed moods of the mass of the voters. A whole series of public opinion polls have shown that more than one-half of Americans want the President to work with the Republicans, not against them. At the same time information is filtering from the White House that they are not only preparing for a political idyll there. Cooperation is one thing but, according to fairly reliable information, the nub of the President's election campaign is to define the boundaries of that cooperation and as far as possible present the Republicans as diehard extremists while preserving for himself the halo of "moderation."

How far Clinton's plans will be aided by the "most important speech of this presidency" remains in doubt even among his sympathizers.

The very first reaction to the President's "flexibility" was clearly ironical. Answering Clinton on behalf of the Republican Party, New Jersey Governor Christian Whitman noted that in a significant part of his address Clinton "sounded like a Republican and his party colleagues will welcome the President's change of track. [no closing quotemarks as published] This comment was not without justification: "Less government" with greater autonomy for local authorities and citizens themselves, the reduction of taxation and state financial programs—all these are themes from the Republicans""Contract with America," the banner under which the change of power in the Congress was accomplished.

Clinton said little of substance. Even when broaching the need to increase the minimum hourly rate of pay, currently standing at $4.25, he did not name the figure which he thought adequate. Nor did he state the clear guidelines of the new health care system which he has promised to defend—his first version, as is well known, was defeated last year. Nor did the Americans hear an analysis of the international situation at the present stage—the President restricted himself to recalling the end of the Cold War and the fact that this was the first state of the union address when there was not a single ICBM targeted on America. Incidentally, his promise to obtain an extra $25 billion for the Pentagon is also taken from the Republicans' armory.

I will conclude with a remark by a commentator in THE WASHINGTON POST, which in the main has always supported the Democrats and their leader: "Clinton did not offer any new large-scale government initiatives. As the first Democrat President since Truman to address a Republican-controled Congress, he yielded to the political necessity to reorient the presidency in a more centrist and farsighted direction." There is no doubt about the centrist character of the address but as for its farsightedness, we shall have to wait until the 1996 elections to see whether that is so.

Consular Aide: 'Problems Remain' in U.S. Visa Procedures

MM3001094995 Moscow TRUD in Russian 28 Jan 95 p 6

[Interview with I.S. Lyakin-Frolov, deputy director of the Russian Foreign Ministry Consular Service Department, by Valentin Simonin; place and date not given: "U.S. Visas: Problems Remain"—first two paragraphs are introduction]

[FBIS Translated Text] The TRUD Editorial Office has received a statement by State Duma Deputy Vasiliy Lipitskiy claiming that "of late there have been systematic mass violations of Russian citizens' rights at the U.S. Embassy in Moscow." The deputy believes that there has been a violation of "a basic principle of law and democracy, a qualification contravening the principle of equality of opportunity for citizens has been introduced de facto, and their right to freedom of movement is being constrained."

Your TRUD correspondent asked I.S. Lyakin-Frolov, deputy director of the Russian Federation Foreign Ministry Consular Service Department, for explanations on this point.

[Simonin] Igor Semenovich, for a fairly long time now the U.S. Embassy in Moscow has been employing a special practice, so to speak, when it comes to issuing Russian citizens with visas. Our readers, incidentally, are aware of this from an interview with Viktor Volkov, Russian consul general to Washington, published in TRUD 18 November last year. And now there is the statement by State Duma Deputy Vasiliy Lipitskiy. What comment could you make on the current situation as regards the issuing of U.S visas for Russian citizens?

[Lyakin-Frolov] I must regrettably say that in many respects Mr. Lipitskiy is correct. The procedure established by the U.S. Embassy in Moscow for processing U.S. entry visas for Russian citizens' does indeed evoke criticism both from individuals and public organizations.

There is the practice of inviting Russian citizens intending to travel to the United States for an interview. During this process many complain that it is conducted in an offensive and discriminatory way.

The principle of culpability is employed when visa applications are considered. That is, every Russian citizen must prove to a U.S. Embassy Consular Department staffer that he has no intention of remaining in the

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United States. He has to submit the appropriate documents attesting that the person has close ties with Russia and has no intentions or plans to stay in the United States. The fairly high percentage of visa rejections is also bound to cause concern. According to our figures, around 20-25 percent of Russian citizens are rejected.

[Simonin] As Vasiliy Lipitskiy points out in his statement, often no reasons are given for the rejection of an application. However, a stamp equivalent to being blacklisted not only by the U.S. but also by other embassies is in any case placed in the Russian passport. Is that true?

[Lyakin-Frolov] Not entirely. Even after this stamp has been placed in a Russian passport the visa applicant can apply to the U.S. Embassy over and over and he will get an interview. This stamp most likely has no direct bearing on the work of other countries' embassies in Moscow with this Russian citizen, although it may have an indirect negative effect.

[Simonin] What is the Russian Consular Service doing about the U.S. side's actions?

[Lyakin-Frolov] The Consular Service Department and the Russian Federation Foreign Ministry are constantly monitoring this situation. We are working on simplifying visa formalities for Russian citizens traveling to the United States. I must say that there has been some positive progress on this matter. Thus, as of 1 January the U.S. Embassy Consular Department made certain adjustments to its visa issuing procedure. In particular, a so-called express window appeared there to process the documents of people who are confident that they can obtain visas without any problems and interview. The U.S. Embassy has begun issuing multiple-entry visas for Russian businessmen and tourists valid for up to three years. They are steps in the right direction which can only be welcomed. But, regrettably, a number of the problems that I mentioned earlier do remain. To be fair, I must point out that similar problems exist in the work of the embassy consular departments of other Western countries—Germany, Britain, and Italy. We are working with them and we hope that we will finally secure the mutual understanding charasteristic of partners.

Chechen Envoy in U.S. Not Given Special Treatment

LD2701180895 Moscow ITAR-TASS in English 1742 GMT 27 Jan 95

[FBIS Transcribed Text] Washington January 27 TASS—A representative of the White House said, speaking on condition of anonymity, that the U.S. Administration views Yusef as an individual and preoccupied Chechen. He stressed that the U.S. is confident that Chechnya is a part of Russia and Russia already has the foreign minister.

The Dudayev envoy was due to be received at the State Department's Division for Democracy, Human Rights and Labor and not by staffers of the Foreign Political Department supervising relations between the United States and Russia. The State Department did not give Yusef a limo, guards or other assistance regularly given to high-ranking foreign guests.

Talbott-Kono Remarks Send 'Unambiguous Warning' to Moscow

MM2701125995 Moscow IZVESTIYA in Russian 27 Jan 95 p 3

[Report by Sergey Agafonov: "Quiet Dialogue Between Moscow and Tokyo Stands Every Chance of Dying Out Altogether"]

[FBIS Translated Text] Tokyo—The brief visit to Tokyo by U.S. Deputy Secretary of State Strobe Talbott and his talks with Japanese Foreign Minister Kono have not made a particularly outstanding contribution to big-time diplomacy, but they have given the world a remarkable formula with regard to Russia.

It is as follows—the participants in the talks agreed that the United States and Japan would support Yeltsin's reform efforts for as long as the Russian Government continues to follow the course of reform. Given that this final agreement was preceded by a relatively extensive list of "concerns" about the state of affairs in Russia (starting, naturally, with Chechnya and including the sharp criticism of Yeltsin's actions from his recent democratic allies), it has to be admitted that "until such time as" looks like not so much a friendly gesture toward Moscow as an unambiguous warning to Yeltsin and his team.

In this connection it should be noted that Japan's initial emphatically restrained stance on the Kremlin's punitive action in Chechnya has been transformed since the new year into an emphatically concerned stance. We have learned from informed Japanese sources that the escalation of the war in Chechnya, which has claimed a victim on the bilateral diplomatic "front" in the form of Kozyrev's visit to Japan (which was expected in January but is now uncertain) has made Tokyo rapidly review the tactical picture in its contacts with Moscow—or rather, with the Kremlin team, whose reputation has turned out to be considerably undermined and whose prospects are unclear and worrying.

The amendments made in this respect are not very optimistic for Russia under Commander in Chief Yeltsin—now, figuratively speaking, the already quiet dialogue between Moscow and Tokyo has switched to a scarcely audible whisper and has every chance of falling completely silent in the very near future. At the same time, in contacts with other powers the subject of Russia is increasingly colored by Chechnya when raised by Japan—as attested by the current Kono-Talbott talks and by the inclusion on the agenda of the U.S.-Japanese summit talks in Washington a couple of weeks ago of an item devoted to the Chechen crisis.

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As usual, the propaganda version of this amendment of course is running head of the official position—whereas statements by Japanese officials and departments are still painstakingly careful in their choice of words, articles in the media have been far more open. Thus, for instance, Japanese publications are not balking at openly raising the following "indelicate questions" addressed to the Kremlin—will Yeltsin actually maintain control over the situation in the country? Is Yeltsin deliberately lying or is the president being manipulated by power structures forcing him to lie in public? The lack of any answers to these awkward but quite logical questions is already being seen by Japanese analysts as a very worrying symptom.

It is both surprising and touching, but it seems as though the Japanese are worried more about Russia's territorial integrity and prosperity than the Kremlin leadership is. As YOMIURI, ASAHI, and other leading Japanese newspapers have noted in their analytical commentaries, the actions of Yeltsin himself and his entourage in the Chechen crisis pose a considerably greater threat to Russia's future than all the Chechen mafia gangs put together. THE JAPAN TIMES ends one of its editorials with a direct appeal to Yeltsin to stop the Chechen slaughter—above all for the sake of Russia.

Dudayev Says Russia Planning To Deport All Chechens

LD2901202895 Berlin DDP/ADN in German 1918 GMT 29 Jan 95

[FBIS Translated Text] Berlin (DDP/ADN)—Chechen President Dzhokhar Dudayev has accused the Russian Government of planning to deport the whole population of his country. He had three documents to this effect in his possession, Dudayev said in an interview with DIE WELT newspaper [Monday edition]. "The first is a government plan to deport the whole population. The second describes how people from other parts of Russia can then be settled here. In other words, it is a colonization plan. The third document is a military plan on the implementation of the whole program," Dudayev is quoted as saying.

The president of the breakaway Caucasus republic, which is now occupied by Russian troops announced that the Chechens were preparing for a long war. "If the Russian leadership and other leading forces in Russia do not get down to finding the way of legality and a peaceful solution to the conflict, then I am sure this war will last half a century," the former Soviet general said. The war will "spread like fire."

According to Dudayev, around 25,000 civilians have already been killed in the fighting in Chechnya, which began eight weeks ago. The Russian Army has sustained losses of between 12,000 and 13,000 men.

The Chechen president called on the West to recognize his country in international law. If Chechnya had "a legal basis internationally," then Russia could no longer lead people to believe the conflict was an internal affair. He also called on the international community to question Russia's seat on the UN Security Council, "as it threatens world peace." Exports, investments, credits, and technological and financial aid should be stopped, "for every kopeck that Russia gets will be spent on the Armed Forces."

Dudayev: 'Documents' Give Proof

AU3001120595 Berlin DIE WELT in German 30 Jan 95 p 4

[Interview with Chechen President Dzhokhar Dudayev by "Danish journalist Ole Sti Andersen for DIE WELT via satellite telephone"; place and date not given: "Dudayev: Russia Wants To Deport the Population"]

[FBIS Translated Text] The war in Chechnya is entering its eighth week. Chechen President Dzhokhar Dudayev predicts that it could last 50 years unless Russia becomes democratic and seeks a peaceful solution. Danish journalist Ole Stig Andersen conducted the following interview via satellite telephone for DIE WELT, which we are publishing in an abridged version.

[Andersen] Are you now in Groznyy?

[Dudayev] Of course, I am in control of the situation. The government is intact and working as usual. We are preparing for a long struggle. The war will spread. Russia will either become a constitutional state with real democracy and judiciary, or it will be destroyed. There is no longer a middle way.

According to our intelligence findings, some 25,000 civilians have been killed, while the Russian Army has had some 12,000-13,000 victims. Tens of thousands of dead bodies of Russian soldiers and officers are littering the streets. They have simply been left there.

Chernomyrdin, with whom we have agreed on a cease-fire, has ordered special military commanders to organize this cease-fire. Yet, they ignore his orders. Nobody is following Yeltsin's orders, and nobody is following Chernomyrdin's orders.

The Russians say that this is an internal affair. Yet, the Chechen Republic has now existed for four years. Under international law, all parties to the conflict, peoples and states, must be put under international control within three days.

[Andersen] I have heard that Kazakh President Nazarbayev wants to mediate.

[Dudayev] He is only trying to save his own skin. He signed a whole series of agreements with Russia. Because of the large Chechen minority in Kazakhstan, Nazarbayev is afraid of them, but he is even more afraid of Russia. He concluded agreements with Russia on joint armed forces and joint security measures. Kazakhstan is actually a Russian colony.

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[Andersen] What will be the outcome of this war, what its consequences?

[Dudayev] Unless the Russian leadership and other important forces in Russia bring themselves together to finding a way toward legality and a peaceful solution of the conflict, I am sure that this war will last for half a century. It will spread like wildfire.

[Andersen] What are the Russians' motives for this war? And why are they waging it right now?

[Dudayev] Russia appeared to be powerless toward our rights and our laws. After all, the Chechen Republic was a state even before the collapse of the Soviet Union, and a state based on the strict standards of international law.

On the other hand, the disintegration of the empire showed that Russia is lacking a legitimate structure. When a state does not have a legitimate basis for power, then this power will fall into the hands of those who are only pursuing their own personal ambitions.

We have an economic and social program that was making progress day by day—unlike Russia. This meant a severe blow for the Russian regime. Our example could lead other peoples of Russia into temptation.

[Andersen] What is the first thing that should be done now?

[Dudayev] In the current situation, the world must recognize the Chechen Republic to give the country a legal international basis. Then Russia can no longer threaten and pretend that Chechnya is only an internal affair. The international community can and should challenge Russia's permanent seat on the UN Security Council, because it is a threat to international peace. All exports, investments, credits, technology, and financial support should be halted since each kopek Russia receives is spent on the armed forces.

[Andersen] Are you receiving any aid from neighboring republics or other countries?

[Dudayev] No. The countries are cowards. They are afraid of the colossus with legs of clay, but they are terrified by Russia not only because of its actions, threats, lies, and its violence. A country without laws, democracy, and justice can never be strong. And Russia has never been as aggressive and powerless at it is today. Therefore, the international community should assume control of the Russian nuclear material. Never before was mankind so threatened by the use of nuclear arms as today.

[Andersen] In World War II, the Chechens were deported to Central Asia; now it has been said that the Russians are planning to deport the entire population.

[Dudayev] Yes, I have three documents. The first is a government plan to deport the entire population. The second describes how people from other parts of Russia should then settle here. In other words: It is a plan for colonization. The third document is a military plan for implementing the entire program.

Special centers have been set up. There is a small city in the province of Saratov and a small city consisting of huts in Orenburg, which is where the Chechen population is to be taken. It will take months and years to prepare entire cities for accommodating refugees and workers. The plans ignore the fact that more than 200,000 Russians are living among us.

EU's 'Veiled Threat' Over Chechnya Viewed

MM2701125795 Moscow PRAVDA in Russian 27 Jan 95 p 3

[Article by Vladimir Peresada under the rubric "On the Events in Chechnya": "Double Standards"]

[FBIS Translated Text] Brussels, 26 Jan—The European Union [EU] has issued a statement on Chechnya. This document, adopted at a conference of the 15 EU foreign ministers in Brussels, has been described by many observers as "highly cautious."

As already reported, the EC Commission (the executive organ of the EU) has advocated that the signing of a temporary economic agreement with Russia (within the framework of the cooperation and partnership treaty concluded last year) be postponed as a mark of protest at Moscow's harsh policy in Chechnya. A similar resolution was adopted a few days later by the European Parliament. However, since both these organs have only recommendatory powers it is the statement of the EU Council of Ministers which has the character of a decision defining the EU's stance.

The statement says that the EU "continues to follow the development of the situation in Chechnya with very great concern," that it "regrets the serious violations of human rights and international humanitarian law taking place there," and that it calls for "an immediate cessation of the fighting and the beginning of talks."

Thus the ministers' conference has actually refrained from carrying out the recommendations of the EC Commission and the European Parliament and restricted itself to a veiled threat that it might use those recommendations to put pressure on Moscow.

The EU's caution is understandable, the Brussels newspaper LA LIBRE BELGIQUE writes. It does not intend to burn its bridges with the Kremlin for fear of seeing Boris Yeltsin replaced by a nationalist with little interest in maintaining ties with the Western world. Nevertheless, it is surprising that the EU was able to take a diametrically opposed stand just a few months ago on problems identical to Chechnya. The EU regards the Chechnya crisis as an internal Russian matter. But why then has it not assessed a whole series of situations in the same way? Why did it not consider the secession of Slovenia, Croatia, and Bosnia an internal Yugoslav

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affair, for example? Why was it so quick to give diplomatic recognition to Ljubljana, Zagreb, and Sarajevo? Why did the EU countries want sanctions against Belgrade which, like Moscow now, was insisting on preserving the country's territorial integrity?

Government Press Service on Chechen Situation

LD2701172095 Moscow ITAR-TASS in English 1635 GMT 27 Jan 95

[FBIS Transcribed Text] Moscow January 27 TASS—The following report of the Russian Government press service was received by ITAR- TASS today:

"According to a report of the federal troops command, the Russian troops have regrouped their forces, kept their positions, freed certain areas of Groznyy and repulsed attacks of the illegal armed units in the past 24 hours. Troops of the northern, western and eastern groups have not advanced from their positions. The engineering-airfield units are working to restore the Groznyy- northern airport.

"Despite losses, the gangs are getting ready for more armed actions against the Russian Army units and interior troops of Russia and the Chechen Republic.

"Refugees said that Chechen militants are trying to compromise federal troops. Dressed in Russian military uniform they are indulging in violence against local civilians and pillage. These actions are video-taped in such a way that insignias of servicemen are clearly seen.

"According to information of the general staff, activities of the federal troops in Groznyy, who have broken the well-adjusted material-technical provision of the illegal armed units, and the shortage of ammunition and food are demoralizing Dudayev militants. Cases of large-scale desertion have been registered. Many former Dudayev men, primarily "volunteers", think that the war is not promising and are prone to lay down or hide arms.

"Residents of some settlements of the Shchelkovskiy region have started voluntary disarmament. A total of 25 automatic rifles and hunter's guns were laid down in the first day which provoked discontent of the so-called irreconcilable militants.

"Residents of some settlements of the Shali region said they are ready to recognize the federal power as the only legitimate one.

"Local residents are forming self-defence units in order to counteract militants".

Foreign Ministry Summons Pickering Over Chechen Envoy Visit

LD2701165395 Moscow ITAR-TASS in English 1636 GMT 27 Jan 95

[FBIS Transcribed Text] Moscow January 27 TASS—U.S. Ambassador to Russia Thomas Pickering was called to the Russian Foreign Ministry today in connection with press reports on the U.S. stay of a certain Shamseddin Yusef who passes himself for the Chechen foreign minister, says a report of the Russian Foreign Ministry received by ITAR-TASS today.

First Deputy Russian Foreign Minister Igor Ivanov told the U.S. ambassador that Moscow is perplexed by the U.S. reception of the aforesaid impostor who has clearly provocative goals. He expressed the assurance that the U.S. side will take all measures necessary to prevent anti-Russian actions on the part of Shamseddin Yusef on U.S. territory and his contacts with U.S. officials under any pretexts. Russia has appreciated the U.S. calm and reserved stand on Chechen developments and hopes for further policy in the spirit of partnership.

A similar demarche was made by the Russian Embassy in Washington.

Aga Khan's Moscow Visit Not Related to Chechen Events

LD2701132595 Moscow INTERFAX in English 1130 GMT 27 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 27 (Interfax)—The arrival of Karim Aga Khan IV, the Imam of the world Ismailiya Moslem community, in Moscow, is not directly related to the events in Chechnya, Yuriy Kotov, director of the Third Asian Department in the Russian Foreign Ministry, told Interfax Friday.

Kotov explained that the Chechen developments are discussed at the meetings Aga Khan holds in Moscow but this is not the purpose of his visit which was organized long before the crisis.

Kotov said that the invitation had been handed to the Ismailiya spiritual leader last fall by Deputy Foreign Minister Albert Chernyshov.

According to Kotov, Karim Aga Khan is a very influential figure in the Moslem world who is engaged in broad international activities, foremost in third-world countries.

"Kozyrev invited the Imam to Moscow to discuss Russia's relations with the Moslem world and ways in which Aga Khan and Russia could encourage a peace settlement in Tajikistan and Afghanistan," Kotov said.

Russia To Sign Border Agreements With Ukraine, Kazakhstan

LD2701205695 Moscow INTERFAX in English 1824 GMT 27 Jan 95

[From the "Presidential Bulletin" feature: No. 17 (760); compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Ukraine and Russia plan to sign two agreements in Kharkov Friday—one on cooperation between border regions, the other on check points along the common border.

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Aleksey Bolshakov, Russia's deputy premier in charge of a Russian government delegation, has told journalists upon his arrival in Kharkov that there are no doubts "at least visible" that these accords will be signed.

He also announced plans to discuss ways of furthering economic integration between the two countries.

Yevheniy Marchuk, Ukraine's first deputy premier, leading a Ukrainian delegation, has stressed that "Kharkov's meeting is not only the act of signing but also a follow-up to work to promote cooperation between our states in all spheres." This time the economic sphere will be in focus, Marchuk said.

In his opinion, the need to sign the accord in Kharkov stems from the desire "to remove all obstacles to effective cooperation between border areas."

Meanwhile, Russia's Deputy Premier Aleksey Bolshakov and his Kazakh opposite number Vitaliy Mette signed in Omsk Thursday an intergovernmental agreement on cooperation between border regions.

As Bolshakov has made known to Interfax, the accord provides for removing obstacles to the exchange of commodities and services, provided at local resources expense.

He stressed that in line with the agreement, state bodies were to draft proposals on delimiting powers in foreign economic activity between federal authorities and local administrations.

Russia and Kazakhstan are to coordinate transformations along their common border soon toward setting up interregional joint stock companies and commercial groups.

The two republics pledge to simplify border customs and import procedures for local residents.

There are plans to create "favorable conditions for passenger and cargo transportation and for transit haulage across the neighboring territories."

Bolshakov told Interfax that Russia will remove the custom posts along its border with Kazakhstan "only after Kazakhstan will bring its custom legislation in conformity with the custom union accord, signed by Russia, Belarus, and Kazakhstan in Moscow on January 20."

Kazakhstan, Russian Border Regions Sign Cooperation Accord

MK2801132095 Moscow SEGODNYA in Russian 28 Jan 95 p 3

[Report from Omsk by Igor Spiridonov in the "Neighbors" column: "Russia and Kazakhstan Want To Return to 'Friendship Forever.' An Agreement on Cross-Border Cooperation Has Been Signed Between the Two Countries"]

S Translated Text] An agreement was signed in Omsk 26 January between the governments of the Russian Federation and the Republic of Kazakhstan on cooperation between the two states' border regions. Parties to the agreement are 12 territories of Russia—the Republic of Altay, Altay Kray; and Astrakhan, Volgograd, Kurgan, Novosibirsk, Omsk, Orenburg, Saratov, Samara, Tyumen, and Chelyabinsk Oblasts—and nine oblasts of Kazakhstan: Aktyubinsk, Atyraus, Kustanay, Pavlodar, Semipalatinsk, Kokchetav, and East-, North-, and West-Kazakhstan Oblasts. The agreement is aimed at removing obstacles in the movement of goods and services provided with outside resources within the border areas and used for the needs of such areas. The sides undertake to work out measures to streamline procedures for border, customs, migration, and other forms of control with respect to citizens who continuously residing on the territory of border regions, and to create favorable conditions for the operation of all forms of passenger and freight transport in trans-border areas and well as on transit routes. The agreement also envisions close cooperation in using natural resources, averting and overcoming the consequences of natural and technogenic disasters, and in the sphere of law enforcement.

It needs to be noted that the heads of border regions have now met in Omsk for the third time, but this has not so far brought any appreciable results. In spite of the customs union reached between Russia and Kazakhstan, which to a very large extent made the Omsk agreement possible, there is a belief that it will mostly remain on paper, just like 200 other documents signed by Russia and Kazakhstan earlier. This was noted by speakers on both sides. The main problem is the incompatibility of legislation. Russian Vice Premier Aleksey Bolshakov, thanking the Kazakhstan Government for unilaterally dismantling customs points on the border, nonetheless said: "If Kazakhstan does not adjust its legislation within six months, Russian custom officers will remain on the border."

A Kazakhstan presidential staff official countered: "We have lifted customs barriers with regard to Russians, but at Sheremetyevo and Vnukovo airports our citizens are literally being shaken by Russian customs men."

There are also other aspects that need coordinating. These are transportation tariffs, and problems with power transmission lines and ore and coal deliveries. It transpired that Kazakhstan bankers, who are dead set against Russian banks being allowed on their territory, are putting up stiff resistance to closer financial cooperation. True, a member of the Kazakhstan delegation said: "We have managed to break them."

Unfortunately, both sides have virtually bypassed political problems. The Kazakhstan leadership is stubbornly denying instances of forcing or even directly banishing Russian-speakers from the republic. According to migration services, more than 500,000 ethnic Russians have already left Kazakhstan for Russia. Meanwhile ,the labor

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minister of sovereign Kazakhstan, invoking the Constitution, which "grants equal rights to all citizens of the republic," maintains that the press has been acting "improperly" in covering these issues.

In the course of the meeting a Constitutional Council was created, which will be working out a uniform position by border regions on various political or economic matters, and if it deems it expedient, make it known to the governments of both states. Leonid Polezhayev, chief of the Omsk Oblast administration; and Baltash Tursumbayev, chief of the Kustanay Oblast administration, were elected cochairmen of the Constitutional Council.

Chubays Says 'Foreign Partners' Convinced on Reforms

LD3001074895 Moscow ITAR-TASS in English 0623 GMT 30 Jan 95

[By ITAR-TASS correspondents Konstantin Pribytkov and Viktor Khrekov]

[FBIS Transcribed Text] Davos, Switzerland, January 30—Concrete economic decisions taken in Russia of late convince foreign partners that the reform-oriented policy does not change, Russia's First Vice-Premier Anatoliy Chubays told ITAR-TASS in an exclusive interview, summing up the results of his meetings and talks in Davos.

Chubays has been attending the annual session of the world economic forum here.

Chubais on Fixed Rate for Ruble

LD3001073795 Moscow ITAR-TASS in English 0716 GMT 30 Jan 95

[By ITAR-TASS correspondents Konstantin Pribytkov and Viktor Khrekov]

[FBIS Transcribed Text] Davos, Switzerland, January 30—Introducing clarity to the issue concerning prospects for the introduction of a fixed rate of the rouble against the U.S. dollar, Russia's First Vice-Premier Anatoliy Chubais told ITAR-TASS in an exclusive interview that a fixed rate of the rouble in Russia can be introduced only after the economic situation stabilises and inflation is curbed.

"Regrettably, an unhappy shift of emphases is currently observed," Chubais said. He made it clear that the interpretation of his remarks at a press conference during the world economic forom in Davos by some media inaccurately reflects the actual state of affairs. It is question of only studying the possibility to implement such a project, not specific plans, he pointed out.

"It is well known that practically all countries, which tackle financial stabilisation, decide on this issue to this or that extent sooner or later," Chubais said. "This question is also under study in our country. However, a conclusion was drawn by some media that we would introduce a fixed rate of the rouble almost next Wednesday or Thursday, which is sheer nonsense", he pointed out.

"It is perfectly clear that a whole package of major prerequisites is needed for the introduction of a fixed rate of the rouble. It is essential to decide on external sources of borrowing. Inflation should 71.5 per cent lesser than currently is the case. One should take into account the amount of central bank reserves. Some other prerequisites are also necessary. The matter concerns the current year as a whole, not more than that. Unfortunately, this was misunderstood in a way".

Norway Embassy: Russia 'Timely Informed' on Missile Launch

LD2701114895 Moscow ITAR-TASS in English 1129 GMT 27 Jan 95

[By ITAR-TASS diplomatic correspondents Yuriy Kozlov and Aleksandr Stepanenko]

[FBIS Transcribed Text] Moscow January 27 TASS—Norway has timely informed Russia on the exact day and place of the launch of its meteorological rocket which caused much ado in the world after Russian media quoted air defence sources as saying they had downed a combat missile flying from Norway.

A spokesman of the Norwegian Embassy in Moscow told TASS on Friday that Russia had been informed in advance about the launch scheduled for the end of January in the framework of the arctic scientific research programme. The rocket landed as envisaged on Spitzbergen, over 1,000 km away from the Russian mainland.

The official spokesman of the russian Foreign Ministry, Mikhail Demurin, confirmed to TASS on Friday that, "according to international practice, the Norwegian side has nearly a month ago informed the Russian Foreign Ministry through its embassy in Oslo about the launch with a special note in which the time and the place of the experiment were mentioned".

"In its turn, the Foreign Ministry extended the information to the Defence Ministry of Russia", Demurin said.

However, according to the Russian military, the rocket which never reached the Russian territory sent the air defence on alert. President Boris Yeltsin said on Thursday that he did not rule out a possibility that the launch might be a check of the "vigilance" of the national armed forces and praised the military for good work in timely detecting and tracing the rocket.

TASS learned from sources in the Russian Foreign Ministry, that the rocket story made Norwegian Ambassasdor in Russia Per Tresselt visit the Foreign Ministry on Thursday to clear up the situation. He met there with Yuriy Fokin, the director of the second European department; however, the source refused to disclose the results of the meeting.

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Norwegian Rocket Incident Settled

LD2701170295 Moscow ITAR-TASS in English 1633 GMT 27 Jan 95

[By ITAR-TASS diplomatic correspondents Yuriy Kozlov and Aleksandr Stepanenko]

[FBIS Transcribed Text] Moscow January 27 TASS—Norwegian Ambassador to Russia Per Tresselt confirmed to ITAR-TASS over the telephone today he has visited the Russian Foreign Ministry twice within the past two days. Today the ambassador met director of the Russian Foreign Ministry's second European department Yuriy Fokin.

Both visits were caused by the need to clarify the issue of a scientific research rocket launched by Norway to the area of the Spitsbergen archipelago. Well-informed sources said that the second visit to the Russian Foreign Ministry was caused by the fact that during the rocket flight the Russian president tried out the special communications set, the so-called "black case" with nuclear codes.

Oslo has reported that Ambassador Tresselt was instructed to "lament" over a pronouncement of the Russian president made in Lipetsk where the president thanked Russian military for tracing the missile route. According to the report, Norwegians initially thought it could be the matter of testing Russian combat readiness with their rocket.

Official representative of the Russian Foreign Ministry Mikhail Demurin told ITAR-TASS that during the second visit of the Norwegian ambassador to the Russian Foreign Ministry the sides agreed to prevent similar incidents in future.

The ungrounded incident was caused by an incorrect description of the Norwegian rocket as a military missile by a Russian news agency (not ITAR-TASS). The agency reported that the rocket was allegedly shot down by the Russian forces who watched the rocket flight, and the West alarmed. Some time later the agency refuted its report with a reference to competent bodies.

In fact, it was a geodesic rocket launched in accordance with the schedule within the framework of a scientific program for arctic research. Norway informed the Russian Foreign Ministry of the launch in advance, and the ministry reported on the issue to the Russian Defence Ministry.

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Political Issues

Filatov Says Yeltsin 'Absolutely in Control'

LD2901224395 Moscow NTV in Russian 1800 GMT 29 Jan 95

[From the "Itogi" newscast]

[FBIS Translated Excerpt] [Correspondent Kiselev] Our guest today is Sergey Aleksandrovich Filatov, the head of the presidential administration. We are to talk about what is really happening inside the Kremlin and what processes are developing there. Sergey Aleksandrovich, several days prior to the international economic forum in Davos I have developed a strong impression that leading politicians, businessmen, public leaders from Western countries, and not only from Western countries, who gathered in Davos, are extremely concerned over Russia's future and the development of the political situation in Russia. Moreover, they are concerned—this may come as a surprise to some—not over the situation in Chechnya or the consequences of the war in Chechnya, but over the prospects for political stability. They all ask the same question: How stable is the political situation in our country? To what extent does the president control the situation? Is someone operating behind his back? They keep asking who is General Korzhakov, the head of the security service. Can he really be so influential in politics? Let us start with the last question. You know the political situation in the Kremlin better than most of us. Do you think that the head of the security service is really an influential figure in politics?

[Filatov] You have started speaking generally and I would like to do the same. You are right saying that the question is about Russia's future. I, too, visited Paris recently, met various political figures and felt their concern over Russia's future, namely whether Russia will abandon its reforms, whether it will get off the path of democratization, impose control over its press and so on. All these questions are of great concern. But I would like to say that assessments seem to be converging now. For example, I felt that the West is concerned over military events and an increasing role of "power" structures, the fact that they are coming to the foreground, so to speak. They fear that all this may transform into some kind of a dictatorship in the future. We are talking about different things here. For example, a kind of secret shadow authority, let us say, which is operating in the country, and not necessarily just one such authority. But I would like to mention here that we have such a process, an established procedure, let us say, which you called the authority. I call the adopted procedure for preparing decisions, cadre decisions and state decisions that are reflected in legislative acts, presidential edicts, and government resolutions. These are three main documents that are in operation in our country. I can assure you that this procedure is being observed in the main. As for legislature, it is completely open. According to our estimates, somewhere around 95 percent of presidential edicts go through the procedure they are supposed to go through. They are prepared in certain centers, processed by coordinating structures, interested departments, and so on.

[Kiselev] But still, five percent are signed in violation of the current...

[Filatov, interrupting] Outside the procedure, outside the adopted procedure. There are some edicts that upset public opinion, as a rule. [passage omitted: Kiselev refers to the sacking of the deputy head of the Federal Counterintelligence Service, which was signed within two hours]

[Filatov] Generally speaking, what does not go through this procedure is a secret system. It is only natural that it gives rise to many false interpretations, many suspicions and develops fear in people. It is not accidental that the theme you mentioned at the beginning of the program can be heard in society at present. Many things are incomprehensible, secret. There are many things one can only guess about or imagine. [passage omitted]

If one is to speak in general about Russia and its future and about what you said at the beginning, namely who is a guarantor and whether the president is in control, I can clearly tell you that the president is a guarantor and that he is in control of the situation, absolutely in control. I think that this can be guaranteed, as the past year has shown, by our good relations, good relations between the president and the State Duma and the Federation Council. The whole process works there and therefore, we can work on our faults and get rid of them, thanks to the mass media and society, which is concerned and they feel this concern. It will allow us to resolve all these issues. [passage omitted]

New Political Role Seen for Polevanov

MM2601122195 Moscow IZVESTIYA in Russian 26 Jan 95 p 1

[Report by Irina Savvateyeva and Igor Karpenko: Polevanov Becomes 'Controller,' Which Does Not Make Things Easier for Chubays"]

[FBIS Translated Text] Vice Premier Vladimir Polevanov's short, sharp war against privatization and the course of government reforms has ended in dismissal. This event is the focus of all media attention. But no doubt the second half of the problem is more important—who will now head the State Committee for the Management of State Property? As IZVESTIYA has managed to find out, the first vice premier has put forward four candidates for examination by the government and the president: Petr Mostovoy, Sergey Belyayev, Alfred Kokh, and Vladimir Golovlev.

Depressing experience has already proved that it is not enough for the chairman of the State Committee for the Management of State Property to have "general management skills." A knowledge of the job and professionalism

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are vital. In the end, the president and the government had to publicly confirm that the course of reform and privatization in particular remain unchanged. So the candidacies of the present deputy chairmen of the State Committee for the Management of State Property, and indeed Vladimir Golovlev, recent chairman of the Committee for the Management of State Property in Chelyabinsk and currently working in the Duma Committee for Privatization and Ownership, who have laid down this course in the sphere of privatization from the very outset, look entirely logical. It would be nice to believe that it will nevertheless be the professionalism of the candidates that will be the deciding factor in the choice this time.

Unfortunately, the zigzags of cadre policy have recently been practically unpredictable. It is by no means out of the question that pressure from the presidential "shadow" team will again tip the balance. But then the dismissal of Vice Premier Vladimir Polevanov and all assurances about the unchanged nature of the current course of reform will become pointless.

Not only that. Polevanov's dismissal most likely does not mean that he will depart from the political arena by any means. By a Yeltsin directive, Mr. Polevanov has been appointed deputy chief of the Presidential Staff Control Administration.

And it would do no harm to recall here that the Control Administration, which has shown no active signs of life recently, was used in a specific political situation as a reliable and faultless instrument in the bureaucratic struggle. Specifically: Cases involving the official exposure of corruption in the top echelons of power—the cases against Rutskoy and Barannikov—were built up within this structure.

Place all the following facts side by side: Polevanov's arrival in the control administration; repeated publications of Federal Counterintelligence Service anticorruption materials containing denunciations on the pages of newspapers recently; the statement made by General Aleksandr Korzhakov, leader of the president's Security Service, in ARGUMENTY I FAKTY; and finally Mr. Polevanov's letter to the premier dated 18 January in which he not only criticizes policy in the sphere of privatization but also puts forward numerous accusations against Anatoliy Chubays and the entire team of privatizers. If you arrange all these aforementioned facts in a row, then it becomes fairly obvious what exactly Vladimir Polevanov could be involved in in his new role.

It can be assumed with a high degree of probability that the post of deputy chief of the Control Administration will prove to be a just a step in Mr. Polevanov's career. As and when the present head of department, Aleksey Ilyushenko, who is acting general prosecutor, finally becomes head of the Prosecutor's Office, Polevanov will most likely become top man in the Control Administration. And then certain circles in Yeltsin's entourage will get their hands on a highly effective instrument for conducting the bureaucratic and political fight. It is not hard to guess who and what it will be aimed at.

New Laws Proposed on Power Sharing With Regions

LD2701203595 Moscow INTERFAX in English 1821 GMT 27 Jan 95

[From the "Presidential Bulletin" feature: No. 17, (760); compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] No further agreements on power sharing with regions will be signed until the parliament approves a law on distribution of authority between the center and regions, Deputy Kremlin Chief of Staff Vyacheslav Volkov said in an interview with Interfax in Kurgan.

He said the government was due to bring an appropriate law in parliament to try to set a normal mechanism of a federal state into motion. There will be no need for concluding separate agreements with autonomies and regions if the new law is adopted, Volkov said.

He said the government bill lays down a power distribution mechanism which provides for signing intersectoral, departmental and other agreements instead of government-to government ones such as those with Tatarstan and Bashkiria.

At the same time, Volkov does not rule out the adoption of a set of laws aimed at building a state run by the constitution rather than the constitution and treaties.

The proposal on suspending further power sharing agreements with regions and a review of those already signed was made by Vice Premier Sergey Shakhray in a letter to President Yeltsin on December 20. Shakhrai believes that further agreements will impede a badly-needed territorial-administrative reform which must be carried out before the 1996 (presidential-IF) election.

He argues that it will be impossible to enlarge Russian regions, provide more say on the ground and transfer to the system of lands if all of 89 parts of Russia sign agreements with the center.

Shakhray believes that the proposed reform must be seen as part of vital presidential initiatives in the run up to next year's election.

Concrete social and economic agreements must be signed to avert a landslide process of power sharing agreements and a review made of earlier ones, Shakhrai believes.

IF Note: Moscow signed two power sharing agreements with Tatarstan and Bashkortostan last February and last August respectively. The Tatarstan-style agreement was widely seen as a model for settling relations between Moscow and Groznyy. Kremlin political analysts still insist it must be used as remedy to help shape the

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political future of Chechnya. But others who are worried over the build up of confederalist mood in some parts of Russia call for a unified approach to the status of autonomies and regions.

Poll Shows Russians Generally Opposed to Chechen War

MK2801135095 Moscow SEGODNYA in Russian 28 Jan 95 p 3

[Unattributed report in the "Poll" column: "The Majority of Russians Are Against the Trial of 'Military-Refuseniks.' Although They Are Convinced That Russian Troops in Chechnya Are Fighting Bandits"]

[FBIS Translated Text] In January 1995 the Public Opinion Foundation held an all-Russian poll of urban and rural population; the sample included 1,353 respondents.

"There are two points of view about who the Russian Army is fighting in Chechnya. With which one of them do you agree?"
Russian Army fights armed bandit formations: 47 percent
War is against armed people of Chechnya: 21 percent
None of these: 10 percent
Don't know: 22 percent

Managers and specialists with higher education responded somewhat more often than others (27 percent and 28 percent respectively) that the Russian Army is fighting against the armed people of Chechnya. Military servicemen and managers more often than others (24 percent and 17 percent respectively) did not agree with either of the proposed points of view.

"What is your attitude to the introduction of Russian troops in Chechnya?"

17 Dec 1994
Positive: 20 percent
Negative: 63 percent
Don't know: 17 percent

20 Jan 1995
Positive: 16 percent
Negative: 71 percent
Don't know: 13 percent

"Do you think it is fair to prosecute military servicemen who refused to take part in military operations in Chechnya?"
Yes: 11 percent
No: 74 percent
Not sure: 15 percent

Career military more often than other population groups agree that military servicemen who refuse to fight in Chechnya must be punished (20 percent) or are not sure (27 percent).

Yeltsin Appoints New Territorial Administration Head

LD2701180795 Moscow ITAR-TASS World Service in Russian 1742 GMT 27 Jan 95

[FBIS Translated Text] Moscow, 27 Jan—Russian President Boris Ye'tsin issued an edict today appointing Nikolay Semenov head of the territorial administration of the federal bodies of executive power in the Chechen Republic with the rank of deputy chairman of the Russian Government.

The same edict relieves Nikolay Yegorov as head of the territorial administration of the federal bodies of executive power in Chechnya for health reasons.

The Russian president instructed the new head of the territorial administration to hold consultations and create conditions suitable for restoring constitutional power bodies in the Chechen Republic.

This was stated in a release of the press service of the Russian Federation president received by ITAR-TASS today.

Creates Reconciliation Committee

LD2701184695 Moscow ITAR-TASS World Service in Russian 1754 GMT 27 Jan 95

[FBIS Translated Text] Moscow, 27 Jan—Russian Federation President Boris Yeltsin today issued an edict "On Providing Conditions To Restore the Constitutional Bodies of Authority in the Chechen Republic." According to a report by the press service of the Russian Federation's president which has reached ITAR-TASS the edict says:

"With the aim of safeguarding the constitutional rights and liberties of citizens, of seeking paths to nationwide accord and reconciliation in the Chechen Republic, of restoring the constitutional bodies of authority in the Chechen Republic, guided by Articles 80 and 85 of the Constitution of the Russian Federation, I have decided:

"1. To agree with the proposal by representatives of rayons, towns, elders, the clergy, and socio-political organizations of the Chechen Republic and to support the creation of a Committee for National Accord of the Chechen Republic as a body that safeguards the search for ways to nationwide accord and reconciliation as well as facilitating the creation of constitutional bodies of authority in the Chechen Republic.

"2. To recommend to the Federation Council and the State Duma of the Federal Assembly of the Russian Federation, the central electoral commission of the Russian Federation, and to order the administration of the Russian Federation president to provide the necessary assistance to the Committee for National Accord of the Chechen Republic in coordinating its activities with the federal bodies of authority.

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"3. That the territorial administration of federal executive bodies in the Chechen Republic should establish interaction with the committee for national accord of the Chechen Republic in searching for ways of resolving the crisis in the Chechen Republic.

"4. This decree comes into force from the moment of its signing."

Government Press Service Reports on Chechen Situation

LD2901144495 Moscow ITAR-TASS World Service in Russian 1245 GMT 29 Jan 95

[FBIS Translated Text] Moscow, 29 Jan—The Russian Government's press service reported the following to ITAR-TASS today:

"The command of the federal forces reports:

"During the past 24 hours, Russian troops held on to the areas occupied by them, blockaded individual streets in Groznyy, engaged in combat to repulse an attack by small groups of illegal armed formations on their positions, and continued clearing the city and other built-up areas of fighters.

"According to military counterintelligence, Dudayevites [dudayevtsy], mainly mercenaries from Central Asia, appear to be concentrating in Gudermes and the surrounding area. Fortifications are being built in the town and two defense lines are being formed. One defense line skirts the village of Braguny (outside Gudermes), and the other skirts the local refrigeration plant.

"The dispersal of illegal armed formations is continuing in the Urus-Martanovskiy, Vedenskiy, and Gudermesskiy rayons of Chechnya, where a so-called "second echelon" of defense is being created against the Russian troops. According to some estimates, there are now up to 6,500 fighters in these districts. Observation of subunits of Russian troops and border guards has been organized. It is possible that Dudayev's fighters are preparing to attack border posts.

"Russian Interior Ministry troops have been closing off the fighters' main lines of movement and blockading the places where the bandit formations are located. They have been preventing illegal armed formations from leaving the Katayama settlement southward or westward, and are guarding and protecting installations along lines of communications in their zones of responsibility on the right and left banks of the river Terek. In addition they have been engaged in reconnaissance and search work in the eastern part of the districts of Katayama and Tashkala [as received], and ensuring the safety of convoys moving between Chervlennaya and Kizlyar."

Dudayev's Threats to Region Noted

LD2901140395 Moscow ITAR-TASS World Service in Russian 1235 GMT 29 Jan 95

[FBIS Translated Text] Moscow, 29 Jan—The Russian Government's press service today released the following statement:

"In his latest statement, on Saturday 28 January, this time to the INTERFAX agency, [Chechen President Dzhokhar] Dudayev said that if hostilities in Chechnya continue even a month longer, the war will spread to Russian cities, irrespective of his own will.

"Demonstrating a fair knowledge of geography, Dudayev informed the world that apart from Moscow there is also Krasnodar, Stavropol, and Astrakhan Region, and that they will be committed to the flames and destroyed.

"Similar statements have been heard before from the 'Groznyy godfather' [pakhan]. Unfortunately the nature of these statements does not change.

"He blithely appeals to the international community for aid, and at the same times insists on meeting Russian Prime Minister Viktor Chernomyrdin. He says he has the situation in Chechnya under his control, that he has support far beyond the borders of the northern Caucasus, while at the same time voicing doubt whether he, Dudayev, will be able to restrain his fighters from destroying Russian cities.

"To put it mildly, it is an incomprehensible position. While brandishing weapons and bringing grief and deprivation to thousands of his fellow-tribesmen, while placing himself and his entourage outside the law, he is now demanding that talks be held, that military operations cease, and, in a manner intelligible to a bandit, is threatening the residents of towns of the Russian Federation with countless misfortunes (for the umpteenth time).

"The only thing on which one cannot fail to agree with Dudayev is that the peoples of the Russian Federation and Chechnya do not see each other as enemies.

"The impression is being formed that Dudayev has completely lost his sense of reality and that the illusions in which he continues to dwell are melting like the spring snow on the foothills of the Caucasus.

OSCE Delegation Arrival in Groznyy Delayed

LD2901171695 Moscow Radiostantsiya Ekho Moskvy in Russian 1600 GMT 29 Jan 95

[FBIS Translated Excerpt] The delegation of the Organization for Security and Cooperation in Europe [OSCE], headed by personal envoy of the OSCE chairman Istavan Gyarmati, intended to visit Groznyy today. However, NTV television company has just reported that the delegation could not even reach Nazran. The situation in the Chechen capital remains tense. [passage omitted]

Marines in Groznyy Replaced; OSCE News Conference 30 Jan

LD3001091795 Moscow ITAR-TASS in English 0903 GMT 30 Jan 95

[FBIS Transcribed Text] Moscow January 30 TASS—A stage-by-stage replacement of troops, which took part in

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the Chechen operation, is going on. The Marine units of the Northern Fleet, which distinguished themselves in action during the attack on government buildings of Groznyy, return from Chechnya today to have rest, ITAR-TASS reported from Murmansk.

During street fighting the Marines lived up to their reputation of corageous and skilful fighters, sources in the command of the Northern Fleet report. Forty Marines were killed in action and about 150 wounded.

Judging by the latest report of the government press service, the situation in Groznyy did not change much during the past weekend. On Sunday [29 January] Russian troops were repulsing attacks of small groups of fighters and clearing the city and other populated localities of illegal armed units.

A delegation of the Organisation for Security and Cooperation in Europe (OSCE) spent in Groznyy almost the whole of Sunday. It is led by Istvan Gyarmati, personal representative of the OSCE chairman. They learned from local residents about numerous facts of the human rights violation, if these words can be used to describe a situation of complete lawlessness, created by the Dudayev regime. Members of the delegation met General Ivan Babichev, commander of the Western Groups of the federal troops in Chechnya, saw the streets of the Chechen capital, including the centre, and visited what used to be the presidential palace.

The delegation has returned to Moscow and is going to give a press conference today.

Groznyy Bombardment Continues

LD3001093295 Moscow 2x2 Television in Russian 0900 GMT 30 Jan 95

[FBIS Translated Excerpt] Russian troops have continued artillery fire on Minutka Square in Groznyy and, as well as the suburban village of Chernorechye, which is controlled by Dudayev's formations, since this morning, Ingushetia's republican operational group told INTERFAX. [passage omitted]

Russian Troops Shell Groznyy, Receive Reinforcements

LD3001110995 Moscow ITAR-TASS in English 1028 GMT 30 Jan 95

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Transcribed Text] Nazran January 30 TASS—Russian troops continued on Monday to intensively shell Groznyy districts where Chechen militants set up their strongholds, while the Chechen fighters are not planning to surrender. The districts include Chernorechye, Aldy and Minutka Square, TASS learned from reliable sources in Ingushetia which said that the situation had not radically changed in the city and that the warring sides remained on their previous positions.

Russian reinforcements continue to move into Groznyy. On Monday 31 trucks with soldiers, 15 "Grad" rocket launchers, 18 armoured personnel carriers and 15 tanks passed along the Rostov-Baku road towards the Chechen capital.

In the meantime, Russia's Deputy Human Rights Commissioner Oleg Orlov told TASS on Monday that the Chechen militants do not intend to surrender, but are ready for talks on the exchange of prisoners of war.

Olrov said that he had contacted Aslan Maskhadov, the commander of the Chechen troops, on Sunday who had informed him about the intentions.

'Text' of Servicemen's Appeal on Chechnya Campaign

LD2801204195 Moscow ITAR-TASS in English 2022 GMT 28 Jan 95

[FBIS Transcribed Text] Moscow January 28 TASS—An appeal of servicemen of the allied group of troops in the Chechen Republic to the Russian leadership and the Defence Ministry was circulated by the Russian Government press service tonight. Follows the full text of the appeal:

"The political and psychological situation around federal troops in the Chechen Republic makes us to appeal personally to you and convey our view of some essential problems.

"A fierce and uncompromising war is going on on Chechen territory. Its consequences will determine the future of both the North Caucasian region and all Russia.

"Acting in accordance with the order of the supreme commander-in- chief of the Russian Armed Forces and the Russian Government, the Russian army is paying with its blood for mistakes and miscalculations of the former politicians. Soldiers and officers are not fighting against the Chechen people or gangs but against well-equipped and trained Armed Forces created by the Chechen Mafia, and well-trained professional mercenaries from near and far abroad.

"We want to draw your attention to the fact that the Russian army is actually acting in encirclement. It is confronted by gangs of professional murderers and mercenaries from the whole world and its rear is attacked by opponents of consolidated Russian statehood from a number of mass media bodies and certain pseudo-patriotic political movements and public organizations of the state. These people risk nothing when systematically insulting the Russian army, its soldiers and officers. They are not spilling their blood, not prosecuted for criminal contempt for servicemen and the whole army.

"Covering up with support of unscrupulous politicians and actively using fact juggling, pulling out words and pronouncements from speeches of the army command and openly falsifying events and facts, many Russian

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mass media bodies misinform the population, deliberately aggravate the political situation in the state and undermine Russian authority on the international scene.

"It is not difficult to see that constant attacks at the defence minister and the Armed Forces commanders are part of a well-planned and organized information-psychological war against Russia.

"Open subversive propaganda influences the spirits of the personnel and boosts actions of the mob both in Chechnya and other Russian regions.

"Being well aware of danger posed to Russia by the criminal regime of Dudayev and other separatists, servicemen of the federal troops are not sparing themselves to fulfill their duty and consistently restore constitutional order in Chechnya.

"The servicemen do not doubt the correctness of actions on provision of territorial integrity of Russia and protection of rights and freedoms of all citizens living on Chechen territory - an integral part of the Russian Federation.

"All the state structures and public organizations must support efforts of the servicemen involved in combat operations for the sake of unity of the Russian state.

"We demand to stop discrediting the Armed Forces commanders who are fulfilling their military duty. Russian servicemen have never been subjected to so insulting attacks. Servicemen are defenders of the motherland and they are doing their best to consolidate the might of their motherland. We are ready to tolerate everything and overcome if they stop spitting on our face and stab us at the back.

"Time has come for decisive state support to the servicemen at meetings of the Federal Assembly and in mass media bodies. That is why, we have to appeal to you - the supreme commander-in-chief, the government chairman and leaders of the State Duma and the Federation Council.

"At a time of trial in Russia all honest politicians must put aside their ambitions and think of the motherland and its dignity. It is now especially important to inform the public of all truth about the cruel and non-typical war.

[Signed] Servicemen of the allied group of troops in the Chechen Republic."

Central Bank Restricts North Caucasus Banks' Payouts

MM3001104595 Moscow IZVESTIYA in Russian 28 Jan 95 p 2

[Report by Ivan Zhagel: "Central Bank of Russia Joins in Operation in Chechnya"]

[FBIS Translated Text] Since 25 January the Central Bank of Russia has started to make use of a practice with no world precedent—it has started to manage the country's banking system with a consideration for national identity, which could be called discrimination.

It has become known to us from utterly reliable sources that on 25 January telegram no. 651K went out to the North Caucasus republics—Dagestan, North Ossetia, Kabardino-Balkaria, and Karachayevo-Cherkassia—reading as follows: "In the future, until special instructions, the following procedure is established for work involving services for the clients of commercial banks. Paying out operations from the cash funds of commercial banks are forbidden. Paying out operations can be carried out only from the cash offices of the Central Bank of Russia, strictly for wages, pensions, and social needs. Other payments are banned."

It is not hard to guess that the Central Bank is now joining in the operation which the military are conducting in Chechnya. And the aims it is pursuing are quite obvious—stopping the influx of cash for Dudayev's bandit formations. But here it is surprising that the restrictions extend only to the national republics of the North Caucasus and do not affect, for instance, the banks of Stavropol, although that region has common borders with Chechnya, while Karachayevo-Cherkassia does not.

The Central Bank's decision is not only offensive to bankers and also to all citizens of the Russian Federation's Southern republics but is also simply stupid. After all, money for Dudayev's supporter can be brought in from any part of our country—the territory of the military operations is not localized. And whether it is brought in from Dagestan or through Dagestan does not make much difference. The Central Bank suspects the Southern republics of complicity with Dudayev although that contradicts the Russian authorities' story that the conflict is of a local nature and the people who fueled it do not enjoy support from their neighbors.

Unfortunately, I did not manage to confirm with the Central Bank leadership the fact of the telegram's existence. It has become the rule recently that that organ is closed to the mass media. And the Central Bank press service stated that telegrams with the code letter "K" are secret and they do not even know of their existence. Another strange thing is how one can classify as secret a document distributed over an enormous territory.

I telephoned to Cherkassia, to Sergey Golovin, chairman of the "Kavkaz-Gelios" bank, who confirmed that all the local bankers were gathered together at the Central Bank's main administration for Karachayevo-Cherkassia, where the telegram was read out to them, but not handed out.

While they were investigating the telegram even the normal issue of wages and pensions was disrupted. The document's appearance has caused panic and rumors of a forthcoming money reform have spread among ordinary investors. And in the long term all this could develop into the leaking of financial resources from this region.

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It is interesting that at the same time as the telegram the mass media published documents allegedly attesting to the transfer of enormous sums, including hard currency, by the Moscow banks to the North Caucasus—sums allegedly going to the war. In particular the documents concerned currency transfers by "Kredo-bank" and the recipients included the above-mentioned "Kavkaz-Gelios" bank. Naturally, I asked S. Golovin to comment on the situation.

Yes, we are receiving currency from "Kredo-bank" and in general we are conducting currency buying and selling operations, he said, since we have a domestic currency license. But currency can be imported from abroad only by banks with a general currency license, so we have concluded a contract with "Kredo-bank" for the delivery of the necessary funds. But no one has proven we are financing the guerrillas.

To this I shall add that if you take a close look at the document on "Kredo-bank's" currency deliveries published in NOVAYA YEZHEDNEVNAYA GAZETA then since September "Kavkaz-Gelios" has received slightly more than $300,000—a simply ludicrous sum when it comes to buying serious weaponry. On the other hand far more currency has gone from Moscow to the banks of Krasnodar and Rostov, which again casts doubt on the Central Bank's story that the North Caucasus national republics are financing Dudayev's regime.

Yeltsin's Aide Says Ruble Decline 'Deliberate'

LD3001103195 Moscow ITAR-TASS in English 0955 GMT 30 Jan 95

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow January 30 TASS—The fall of the Russian currency behind the 4,000-barrier per U.S. dollar was "a deliberate action to strangle the rouble", according to Aleksandr Livshits, the economic aide of the Russian president.

However, he is sure that the market economy which has taken shape in the country will hardly allow to introduce a fixed rouble exchange rate to stabilise the national currency.

"The mighty inertia of the market economy created in the country is a guarantee against a return to the administrative regulation of the rouble rate, of prices and incomes", he told TASS on Monday commenting on media reports about a possible introduction of a fixed rouble exchange rate.

Livshits attributed the fall to the series of recent rumours about various financial restrictions, but admitted that the depreciation of the Russian currency was also affected by the Chechen war and inflationary expectations which are traditional in January.

"The series of rumours about alleged secret messages of the central bank about freezing hard currency accounts, about an alleged exchange of 50,000-rouble banknotes were deliberately spread by those who are interested in the decline of the rouble exchange rate", Livshits said and hinted that he refers to foreign exchange speculators.

He did not name anyone concretely, but said that "if someone takes a rouble credit to buy dollars at the exchange and pays 300-350 [percent] annual interest on that, that man is vitally interested to make the dollar jump up several dozen points. Thus he will be able to pay for the credit by selling dollars and get a new loan".

However, Livshits also admitted that "the Chechen developments and traditional inflationary expectation in January" also accelerated the decline of the rouble.

"The whole population loses as a result", the economic aide concluded.

Military & Space Issues

Defense Industry Lacks 'Sufficient Financing'

LD2701190295 Moscow INTERFAX in English 1711 GMT 27 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 27 (Interfax)—The priorities of Russia's military and technical policy defined by the Security Council are not backed with sufficient financing, according to a full collegium meeting at the State Defense Industry Committee.

According to the meeting, the defense industry faces more than a crisis. It supported a systemic transformation of the military conversion mechanism. The meeting pointed to the pressing need to take urgent measures to improve the situation with financing arms purchases and military research.

The collegium meeting was attended by First Deputy Minister Oleg Soskovets, Federation Council Deputy Speaker Anatoliy Dolgolaptev, First Deputy Defense Minister Andrey Kokoshin, other ministers and directors of the leading defense enterprises and design bureaux.

Problems in Defense Conversion Noted

LD2601191995

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 0910 GMT on 26 January on the "Planerka" program reports on the problems of conversion of the defense industry. The host says, "In its time, the defense industry included more than 2,000 enterprises, more than 500 scientific research institutions, and approximately six million workers. Today the defense industry is an extremely theoretical concept."

To illustrate this, a report by Gennadiy Petelin follows from the "Zvezda" submarine works in Vladivostok. Petelin states that 70 percent of its output goes to the defense department, that here they repair and destroy nuclear submarines, and that the state provides less than

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half the necessary financing for carrying out the main strategic task. Petelin adds that "shipyards have not built a single new submarine over the last few years." Women workers at the yard complain about their humiliating situation without work and blame the director. A defense industry expert, Viktor Timofeyevich Pavlo, who was formerly the director of the Far Eastern "Dalpribor" works, and who is currently assistant to Vladivostok State Duma deputy Svetlana Orlova, blames the new system and the current political situation. Video footage shows submarines in dry dock and moored in the water and interviews with workers and defense industry experts.

Back in the studio, the host introduces Aleksey Shulunin, president of the league for assistance to defense industry enterprises. The host asks Shulunov why the conversion doctrine under Gorbachev was not implemented and whether these failures were analyzed. Shulunin replies, "Well, one really has to return to the eighties, the mid-eighties, when the task was set for the first time of boosting the output of consumer goods, consumer durables, at defense industry enterprises at the same time as producing weapons. One must say that this task was being resolved sufficiently well by the end of 1990. That is, in the military industrial complex we were producing approximately three rubles worth of consumer goods per ruble of wages. As far as conversion is concerned, in actual fact in 1989 the issue was posed for the first time of drawing up a wide-scale, country-wide conversion program. But one has to say that the conditions today and in 1989 are slightly different." Agreeing with the presenter that conditions for conversion were better at that time, Shulunin continues, "This was definitely so. Even to work out a conversion program with the well ordered working mechanism for the existence of nine ministries, with the centralized body of the military industrial commission, and with the first deputy chairman of the Council of Ministers who supervised that work, two years were needed to carry out that work, just to compile the plans. And the conversion program was only completed in practice, worked out, completed, and approved in 1990. One must understand that this program does not engender itself in general. To begin with, it is born of defense doctrine, and then of the long-term armaments program, and what is in excess goes on the needs of conversion. And of course the necessary expenditure and all the rest were miscalculated. But when we talk today about the reasons why it was not implemented, it is simply because times have changed. At the same time, I would like to say that naturally every quarter the Council of Ministers did in practice tackle the issue of boosting the output of consumer goods at enterprises of the military industrial complex and the conversion programs."

On why Western methods of conversion were not used, Shulunov responds, "Well, why not return to the experience that we had in Russia. In Russia we are going through conversion for the third time. The first conversion took place at the end of the Civil War, the second after the Great Fatherland War. Moreover, one should say that whereas the entire economy was completely militarized at the end of the Great Fatherland War, in those difficult conditions we were able to convert the enterprises in literally seven years. Why do we have to make use of the experience of the West? Incidentally, I should say that the experience of the West is not so good. The Americans started to carry out conversion in their country in 1987. Amidst the tension in Central Asia, let's say, the extremely large firm Boeing, which produces the world-famous aircraft, started to manufacture bus coaches. It was a complete failure. They made incredible losses. That is, one cannot present conversion as a small problem. It is a huge problem. It is sufficient to say that some time in 1992 experts calculated that approximately 150 billion dollars is needed for the conversion of our defense complex and that it would take approximately 70 years."

The host then interviews Mikhail Dmitriyevich Maley, chairman of the interdepartmental commission of the Security Council for scientific and technical issues of the defense industry, who continues the discussion. "If one is to describe the period that has passed in the existence of Russia from 1991 through 1995, one can say in principle that there has been no conversion in the country. There was a spontaneous, natural dying down of the defense industry, allowing it to fall apart throughout its structure. At the present time, one can note that it was 1992 that the country's leadership focused most attention on this issue, when a thirteen-sided program was set up. But owing to 'savings', financial resources for these programs were only allocated in the middle of the year. The programs were not financed and they were unsuccessful. In 1994 there were no programs, and naturally there was no conversion since no financing was allocated for the programs. And in 1995 we are moving along in just the same way without any federal ideology in the sphere of conversion. To put it mildly, regarding the tragic nature of it, the situation is simply unpleasant because money is being spent, resources are being expended, and, what is more important, time, the most expensive item with regard to this issue, is being wasted. I think that a shortcoming of the situation obtaining in the conversion of our defense industry is that the organization of that conversion is incorrectly structured. First and foremost, the industry itself cannot reform itself. A special departmental body is needed which would carry out this conversion, just as privatization was conducted, just as other states have carried out similar special measures.

"The second thing is that we have different types of conversion. In pursuing the implementation of high quality technology, the utilization of the military industrial complex for its direct purpose, we absolutely missed the most simple points, and where military enterprises have come to a standstill, the associations are not producing anything at all at the present time, even the most simple things that we are buying abroad for foreign currency. Therefore, I think that a deputy chairman

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should be appointed in the government who is responsible for the reform of the military industrial complex and for conversion. A supradepartmental body should be set up which would plan and carry out conversion over a period set by the President, with managers and other members of staff who bear personal responsibility for the results of the money spent, who are even accountable to the Duma, if necessary, people who are purpose-orientated. Properly speaking, the money allocated from the budget for conversion purposes should be placed in a bank which has specially been set up so that it does not disappear among the numerous commercial banks, should not be converted into dollars, and to ensure that it does not leave the Russian Federation altogether, but should made to work in the sphere of the defense industry and for those purposes for which it has been allocated."

Returning to Shulunov, the host asks him whether conversion programs are being worked out within the military industrial complex and whether they can be implemented in the present economic conditions. Shulunov states that "in general one must examine the problem of conversion from three points of view today. Firstly, from the point of view of drawing up federal programs. And thirteen federal programs have actually been compiled, but there is no financing for them. Secondly, the second aspect or the second view is regional conversion programs and the third view is an independent enterprise. That is, this should be a cake consisting of many layers, but the layers absolutely must be somehow coordinated amongst themselves. Well, it is sufficient to say, little enough money is allocated for the conversion programs. I have already said that out of 150 billion dollars that are needed for conversion, according to the estimates of experts, all in all only 120 billion rubles have been allocated over the last three years at 1992 prices. So, when you look at it, how is this conversion program being implemented? In 1992-1993 they all rushed to produce petroleum equipment. Twelve enterprises of the military industrial complex started to produce pumps which were being bought abroad. And in actual fact, it is not twelve enterprises that are needed, but a maximum of three enterprises. Forty enterprises rushed to produce televisions. Over the last year production halved at our high-capacity television factories which were producing four million televisions. And, of course, all the forty enterprises fell to pieces automatically. That is, you understand, one has to approach this problem in steps, and undoubtedly there should be a certain amount of coordination today."

Charts showing figures for production at defense industry enterprises are now shown. The host continues: "According to experts' estimates, the military industrial complex produces 92 percent of the equipment for light industry; 76 percent of the equipment for processing agricultural produce; 83 percent of the medical equipment; 100 percent of the televisions, sewing machines and cameras. In October 1994, the decline in the volume of consumer goods' production at enterprises of the military industrial complex was 46 percent, in September 1994, 51 percent. Currently the share of civilian production at the enterprises of the military industrial complex is 80 percent. However, owing to the fact that the state does not cover the expenditure laid out by the enterprise for defense orders, they are forced to compensate these outlays by cutting down the financing for the production of civilian goods. In 1994 the reduction was 58 percent."

The host asks Shulunov who is responsible for the conversion programs and the failure of them. Shulunov replies, "Essentially, it is a question of comrade Glukhikh, the chairman of the state committee for the defense industry. But I think a more substantial shortcoming is the fact that there is no system for carrying out this work. I am not talking about the financing of conversion in 1992 starting in June and about the financing for the whole year only being met by 60 percent. In 1993 financing started in August and only approximately 60 percent of it was provided. And in 1994 38 percent of the money was handed over in the first quarter, and in the third quarter they only gave 100 billion for indexation. That is, if one looks into this issue in depth, one sees that no one has examined it seriously and no one has seriously asked whether the workers are right when they say that until 1991, until 1992, the government set them completely different tasks. And today those people are being blamed when it is not their fault."

The program ends with a video report by Yuriy Deryugin from Saratov on the "Reflektor" defense industry enterprise. In the sixties the "Reflektor" factory was a major producer of receiving valves which were mainly used in the military sphere. At the end of the eighties when military orders were drastically reduced and the factory lost its main customers, the factory adapted itself to produce indicators using vacuum luminescent modules used in military technology. These indicators are used in cash tills, oven lighting, and video recorders. The Saratov factory supplies vacuum modules to South Korea on contract to Gold Star. They also produce display screens using liquid crystal indicators which are used in various domestic appliances. Other products manufactured by "Reflektor" are semi-conductor lasers and quantum electron modules. The equipment previously produced containing these items was used in radar systems on MiG-29s and Su-27s. Now modules for optical fiber communications systems are being produced from these. A laser infrared therapy apparatus for use in medicine, primarily in stomatology, has been developed from a semiconductor laser which was used in the firing mechanisms of artillery shells. A new type of alarm system has been developed, using optical fiber systems. The factory also has a glass workshop producing radioelectronic lamps and household lamps. [Video footage shows factory interiors with workers, some items produced and a brief interview with factory director Nikolay Kuzmin who stated that the factory's survival is dependent on producing a variety of goods.]

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Space Center Reports on 1994 Activities

LD2601130595 Moscow ITAR-TASS in English 1059 GMT 26 Jan 95

[By ITAR-TASS correspondent Viktor Gritsenko]

[FBIS Transcribed Text] Moscow 26 Jan (TASS)—Russia launched 29 military spacecraft last year, nine of them blasted off from Baykonur and the rest from the Plesetsk cosmodrome. All in all, 49 booster rockets were launched, which put into orbit 65 satellites, ITAR-TASS learned at the press centre of the Space Military Forces (SMF).

As for launchings from the Baykonur cosmodrome under the programme of manned missions, there were eight of them: only 12.5 percent from the total number of spacecraft launched by Russia.

The manned Mir space station received three manned spaceships and five "ferries". A total of 310 billion roubles were spent for the manned mission programme.

The Baykonur cosmodrome fired off 30 booster rockets and 36 satellites last year. Incidentally, the year 1994 witnessed a repetition of the 10-year-old record for the number of launchings with heavy rockets Proton - 13.

The SMF put into orbit nine spacecraft of the global navigation system Glonass and seven geostationary communications satellites as well as the first Russian geostationary weather satellite Electro.

The Rokot booster rocket, undergoing flight tests, put into orbit the Radio-Rosto radio ham satellite in honour of the centenary of the radio invention. The Resurs-01 spacecraft was lifted off to study the earth's natural resources.

Plesetsk which received the status of the first state testing cosmodrome last year, launched 19 boosters with 29 satellites, including the geodetic Geo-IK, the oceanographic Okean-01, the technological Foton, the weather Meteor-3, the Molnia communications satellites and the Nadezhda rescue spacecraft.

The Soyuz and Molnia boosters shouldered the main load in fulfilling the space launching programme last year: they were responsible for nearly 37 percent of all firings.

The Space Military Forces carried out all the launchings. Besides, the SMF ensured the control over the Russian orbital group, consisting of more than 170 spacecraft, with which 800 control sessions were held daily.

Small in numerical strength but having a high intellectual potential, the SMF are a prototype of one of the main component parts of the modern mobile and compact Russian Armed Forces.

Federal Assembly

Duma To Recess Until 8 Feb

LD2701211595 Moscow INTERFAX in English 1912 GMT 27 Jan 95

[FBIS Transcribed Text] Moscow, Jan 27 (INTERFAX)—The State Duma announced today that it would have a break for parliamentarians meeting with their voters in accordance with procedural regulations.

The State Duma will hold the next plenary meeting on February 8, an Interfax parliamentary correspondent reported.

Rybkin Wants 'More Action, Less Talking' on Chechnya

LD3001115995 Moscow ITAR-TASS in English 1145 GMT 30 Jan 95

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow January 30 TASS—The threats of the Dudayev regime "to burn down Moscow" require an adequate response and attention, Russian State Duma Chairman Ivan Rybkin told reporters today. Rybkin said "there must be no easy-victory moods at initial and final stages of crises like Chechnya, one should be alert". More action and less talking on this subject are needed, Rybkin said.

The Duma chairman said a possibility should not be ruled out that "some bandit bastard may want to destroy lives of people" in any Russian region. Federal authorities must be tough on "bastards who run to extremes", Rybkin said.

Duma Fails To Pass Resolution on Grachev Dismissal

LD2701164995 Moscow ITAR-TASS in English 1605 GMT 27 Jan 95

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow January 27 (TASS)—The State Duma (lower chamber of the Russian legislature) failed on Friday to pass a resolution recommending the dismissal of Russian Defence Minister Pavel Grachev.

Only 121 deputies voted for the resolution recommending Prime Mister Viktor Chernomyrdin to ask the president to fire Grachev for wrong handling the conflict in Chechnya—well short of the needed 226 vote majority. 47 MPs voted against the resolution proposed by the Duma faction "Women of Russia" with three abstentions.

Duma Defers Decision on Kovalev's Activities

LD2701174295 Moscow ITAR-TASS in English 1724 GMT 27 Jan 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

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[FBIS Transcribed Text] Moscow January 27 TASS—The Russian State Duma has taken no decision on activities of Russian Plenipotentiary for Human Rights Sergey Kovalev. The latter addressed the Duma on Wednesday.

Two drafts of a resolution on activities of the plenipotentiary were submitted to the Duma today in the absence of Sergey Kovalev.

The document prepared by the Committee for Organization of Duma Work offered deputies to take into account the report on human rights submitted by Sergey Kovalev and the Duma council to ensure the adoption of a law "on Russian plenipotentiary for human rights." The draft says that Sergey Kovalev is offered to submit to a Duma plenary a report on his activities before February 10. However, the draft was supported by only 183 deputies while 226 votes were necessary.

At the same time, the Russian Communist Party faction offered its draft resolution. The latter said that Sergey Kovalev took a one-sided stand aimed to justify the activities of illegal armed units acting in Chechnya. Large-scale violation of rights and interests of Russian citizens, servicemen of the Russian Army units, Interior Troops and the Federal Counter-Intelligence Service was left unnoticed. His initial appeal to foreign embassies and not the State Duma attached an international-legal and not interstate character to the armed conflict in Chechnya, undermined unity of the Russian Federation and damaged its prestige, said the draft.

In this connection, the Communists offered to recognize Kovalev's work as unsatisfactory, dismiss Kovalev from his post and recommend the Duma Committee for Legislation and Court-Legal Reform to boost the submission to the Duma of a law "on Russian plenipotentiary for human rights" in the second reading. At the same time, representatives of the Communist faction withdrew their draft from the meeting agenda with saying it is not ethical to adopt a resolution in the absence of Sergey Kovalev.

Vice-Speaker Alevtina Fedulova who chaired the meeting offered the Committee for Organization of Duma Work to improve its draft together with representatives of Duma factions and committees and discuss its new edition at the soonest plenary of the parliament chamber.

Ilyukhin Defends Creation of Chechen Commission

LD2701123695 Moscow ITAR-TASS in English 1159 GMT 27 Jan 95

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow January 27 TASS—Chairman of the State Duma Committee for Security Viktor Ilyukhin does not agree with President Yeltsin's statement on the unconstitutional character of the creation of a commission by the State Duma for investigating the causes and circumstances of the Chechen conflict.

When the president visited Lipetsk on Thursday, he told journalists there that the State Duma had had no constitutional right to create a parliamentary commission for investigating into the Chechen crisis. "The commission should be created by the president, under his decree. And it is such a commission that will investigate all the history of the Chechen crisis, including its causes," he said.

Responding to Yeltsin, Ilyukhin said at a State Duma meeting today: "I suggest that the president have a look at Article 101, item 3, of the Constitution of the Russian Federation, which clearly says that the State Duma shall have the right to create committees and commissions."

This item of the Russian Constitution says: "The Federation Council and the State Duma shall create committees and commissions and shall hold parliamentary hearings on problems within their authority."

The Duma commission for investigating the causes and circumstance of the Chechen conflict was created in mid-January. Deputy to State Duma Stanislav Govorukhin was elected its chairman. He said at a press conference last Wednesday that the commission planned to come up with preliminary conclusions late in April.

Govorukhin said as well that the commission might hold an open session on February 14 to 16, at which it expected to "hear explanations of Gaydar, Chubays, Yerin, Stepashin, Grachev and others."

Addressing the same press conference, Deputy Chairman of the Commission Vyacheslav Nikonov, who is a member of the parliamentary group of the party for Russian Unity and Accord, said people's deputies intended to examine "the circumstances of the coming to power of the Dudayev regime and of obtaining arms and ammunition by it." They also intend to analyse financial aspects of the activities of the Dudayev regime and "the activities of federal authorities in Chechnya." According to Nikonov, "the circumstances, which preceded the taking of the decision on moving troops to the republic, as well as combat operations proper, will be examined too."

Duma Receives Troops' Letter Defending Leaders

LD2701131695 Moscow INTERFAX in English 1130 GMT 27 Jan 95

[FBIS Transcribed Text] Moscow, Jan 27 (INTERFAX)—A letter addressed to Russian State Duma Chairman Ivan Rybkin demands "an end to attempts at discrediting Russian military leaders." The letter was signed by "troops of the joint contingent in the Chechen Republic." Copies of it were distributed Friday in the State Duma.

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The letter points out that "the Russian contingent in Chechnya is, in fact, surrounded and fighting both bands of professional killers and mercenaries who have flocked to this trouble area from all round the world, and the opponents of Russian statehood who have taken up positions in the media and in the ranks of certain pseudo-patriotic political movements and public organizations."

The letter views "incessant attacks on the defense minister and military leaders as part of a well-planned and well-orchestrated verbal and psychological campaign unleashed against Russia."

Duma Invites Ministers to Testify on Ruble Decline

LD2701140995 Moscow INTERFAX in English 1130 GMT 27 Jan 95

[FBIS Transcribed Text] Moscow, Jan 27 (INTERFAX)—The State Duma invited acting Central Bank chairwoman Tatyana Paramonova, Finance Minister Vladimir Panskov and Economy Minister Yevgeniy Yasin to testify on the state of the national currency.

Alexander Mikhailov, Communist, who initiated the invitation, described the decline of the ruble as disastrous and Igor Bratishchev, also Communist, attributed the fall of the ruble to the desire of unspecified "certain people" to purchase more property with fewer dollars.

The debate will take place early in February because MPs will stay in their constituencies next week. The issue was included in the Duma agenda by a vote of 234, more than 226 needed to pass a resolution.

Duma Passage of Central Bank Law Viewed

MK2801104095 Moscow SEGODNYA in Russian 28 Jan 95 p 2

[Report by Yelena Kolokoltseva in the "Finances" column: "The State Duma Shows a Little Common Sense. The Deputies Have Adopted a Law on the Central Bank"]

[FBIS Translated Text] The lower parliament house, virtually unanimously (by 282 votes in favor with one abstention), yesterday adopted the law "On Introducing Changes and Additions into the RSFSR Law on the Central Bank of the RSFSR (the Bank of Russia)" in the third reading. The law substantially strengthens regulatory and oversight functions of the country's main bank, while its adoption naturally puts a stop to a years-long struggle between representatives of various power branches and the Central Bank over the latter's role and place in the financial system.

This struggle began back in the period of confrontation between former Finance Minister Fedorov and former Central Bank Chairman Viktor Gerashchenko. It was not until Boris Fedorov was elected State Duma deputy and chairman of a subcommittee supervising the Central Bank's activity, however, that disagreements between the two bankers finally entered the legislative domain. Boris Fedorov authored the first draft law on the Central Bank, clearly defining the basic principles for its operation and for the first time declaring a ban on the Central Bank's granting credits to the government to finance the budget deficit.

In its first reading in summer 1994, however, Boris Fedorov's idea to create a two-level system of managing the Central Bank failed. The functions of the National Banking Council, which, according to the former finance minister was to be assigned considerable powers, were reduced mostly to advisory ones: "consideration of the concept for upgrading the monetary-credit system," and "appraising legislative enactment projects in regulating the activity of commercial credit organizations." The council chairman is the Central Bank head, who, in addition, recommends the candidacies of six out of the council's 15 members.

Even so, most experts admit that the adoption of the law on the Central Bank is "substantial progress toward establishing a normal banking structure in Russia." Still, experts express legitimate skepticism over the ban to grant government credits to finance the budget deficit except for those cases when this is provided for by the Federal Budget Law (Article 22) and also the ban to prolong (exception may be made at the discretion of the Board of Directors) the credits extended (Article 49). Furthermore, Tatyana Paramonova has managed to maintain the tough position of her predecessor Viktor Gerashchenko on prohibiting the carry-over of current year revenues into the federal budget until the bank's annual balance has been approved by the Board of Directors. Meanwhile the draft budget approved in second reading has already included Central Bank 1995 profits into its revenues.

As a result, the adopted law declares the principle of economic independence of the Central Bank, which is not responsible for state obligations and which makes spending at the expense of its own incomes (Article 2). The bank's charter capital is established in the amount of 3 billion rubles. The bank, like before, is accountable to the State Duma which approves, on the president's submission (one candidacy may not be nominated more than twice), the Central Bank chairman, his annual report, and also the auditors' statement (Articles 5 and 12).

A new phenomenon in the Russian financial system is the establishment of a fixed overall term for non-cash settlements: It may not exceed two operational days within the boundaries of a Russian Federation subject and five days within the boundaries of the Russian Federation (Article 82). This undoubtedly positive principle, however, will not take effect until 1 July 1996.

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Abdulatipov Blasts Lack of 'Coherent' National Policy

LD3001103595 Moscow ITAR-TASS in English 1006 GMT 30 Jan 95

[By ITAR-TASS correspondent Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow January 30 TASS—The events in Chechnya are only a "partial manifestation" of the state of national relations in Russia, Federation Council Deputy Chairman Ramazan Abdulatipov said in an interview with ITAR-TASS.

To retain its territorial integrity, Russia must have "legal, not only power mechanisms," Abdulatipov said, adding that a lack of the legal mechanisms resulted in three years of ignoring Chechnya as a problem.

The parliamentarian said a lack of a coherent national policy "gave away the Chechen people to various nationalist forces." There is a vertical political conflict, in which Chechen authorities could not or did not want to come to terms with the central authority, Abdulatipov said. He pointed out that the situation was similar in other flashpoints.

Nations historically mistrust the state, Abdulatipov said. Chechens experienced more than one repression campaign, and democrats failed to restore their trust since they did not have anything better than populist slogans to offer, Abdulatipov said. A democratic society should be in constant and respectful dialogue with every nation, the parliamentarian said. With such a dialogue, people will not be left "face to face with leaders who usurp the right to speak on behalf of a people, and measures of the state against unlawful acts of an individual will not turn out measures against the population," the parliamentarian said.

Abdulatipov said the Russian Ministry for Nationalities, which was more than once renamed and changed several ministers within a short interval, had no clear concept either. Meanwhile, a programme for "national renaissance and ethnic cooperation of peoples of Russia", which had been developed by a group of scientists, politicians and legislators, is for months waiting in the ministry for a stamp of approval, Abdulatipov said.

Ethnically oriented programmes—such as Ugro-Finnish or Tatar—are pursued instead of consolidating nations over one idea, Abdulatipov said. "The society is being separated", and this is very dangerous because it may "drive the society into a circle of ethnic and religious standoff", Abdulatipov said. Efficient national policies must be added to Russia's federal treaty, the parliamentarian said.

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

Troops Prepare for Final Attack on Groznyy

LD3001113095 Moscow ITAR-TASS in English 1109 GMT 30 Jan 95

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow January 30 TASS—Russian troops in the Chechen capital of Groznyy are getting ready for the final attack on the city to clear it of Chechen militants, the government press service said on Monday adding that bodies of power have been created in Chechen regions controlled by federal troops.

"According to reports from the federal troops command, over the past 24 hours units of the unified group of Russian troops in Chechnya carried out preparations for the final stage of activities in Groznyy, blocked streets, conducted combat activities to repel attacks of illegal armed formations, continued to clear the city of militants", the press service said in a release.

"The creation of bodies of authoritiy has been completed in general in regions controlled by federal troops—Nadterechnyy, Naurski, Urus-Martan and a part of Groznyy rural area. Positive changes have emerged in Shelkovskiy, Shatoy, a part of Achkhoy- Martan and Vedenskiy regions. The most complicated situation remains in Nozhay-Yurt region where a considerable number of Dudayev's militants is arriving, as well as his supporters from among Chechens-Akins living in Daghestan".

The press service also said that residents of Achkhoy-Martan and Samashka are often proposing to the Russian Command to exchange their relatives who were taken prisoner for Russian pows who they buy out from Chechen militants.

The press service added that "there are reports that in order to boost combat activities Dudayev's supporters have fixed rewards for killing a Russian interior officer and OMON [Special Detachment Militia] police soldiers (from 1.5 to three thousand dollars)."

The leadership of neighbouring Georgia is concerned that Chechen militants may penetrate into the republic and has sent two companies to guard the border near the settlements of Akhmeta and Telavi, the press service said.

Operational HQ Being Moved to Groznyy

LD2901164595 Moscow Mayak Radio Network in Russian 0915 GMT 29 Jan 95

[FBIS Translated Excerpt] Pavel Guskov, our correspondent in the Northern Caucasus, is on the telephone to Mayak.

[Guskov] Good afternoon, dear Mayak listeners. Reports arriving in our television and radio company's Northern Caucasus office indicate that military life on the front line in Chechnya is continuing in the now familiar way, with individual skirmishes occasionally developing into larger clashes.

I would like to single out one of the reports we received today. Although it has yet to be confirmed, I think it is very significant, but I will say more about that in a moment.

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It has become known that this week the operational headquarters in Mozdok is to move—or has partially begun to move—to the city of Groznyy. I think this is evidence that the leaders of the operation are confident of its success. [passage omitted]

Finally, another report which I think should not be ignored. In the last three days, the mass media—first Radio Liberty and later the Russian media—have been reporting on Dzhokhar Dudayev's threats to carry out major strikes both against Moscow and against the centers of neighboring regions. I have learned from conversations with staff at a number of regional administrations that although they regard this statement as a bluff, they believe that the heads of Russian intelligence, not the Federal Counterintelligence Service, but specifically intelligence, ought to make a statement saying how realistic Dudayev's threats are, and how capable he is of carrying them out.

Pavel Guskov for Mayak, in the Northern Caucasus.

Government Press Service Issues Report

LD2801164995 Moscow ITAR-TASS in English 1614 GMT 28 Jan 95

[FBIS Transcribed Text] Moscow January 28 TASS—The following report of the Russian Government press service has been received by ITAR-TASS:

"According to a report of the Russian federal troops command, the Chechen situation has not considerably changed within the past 24 hours. The federal troops continued to clean the area on the left bank of the Sunzha River and worked to gain control over territories in the north-eastern and southern parts of Groznyy. The interior troops were searching for location of gangs and worked for their disarmament in the populated localities of Nikolayevskaya, Ishcherskaya, Assinovskaya and Novy Sharoy.

"A mixed unit of the interior troops, OMON [Special Purpose Militia Detachment] and the special rapid reaction unit held special operations, reconnaissance and checked transport westward of Khasavyurt. It also provided for functioning of the Mozdok-Chervlennaya railroad section.

"At the same time, specialists believe that the protection of the restored railroad sections, safety of transport workers and personnel of the railroad troops have not been fully ensured. In their opinion, it is possible to finalize the restorations and resume traffic on the railroad sections of Chervlennaya-Uzlovaya-Gudermes and Shchelkovskaya-Kizlyar only after gangs are disarmed in the areas.

"There are reports on concentration of militants in the populated localities of Gikalovskiy, Prigorodny, Chechen-Aul and Shali. The localities report concentration of materiel, including GRAD rocket launchers and air defence installations. A considerable amount of fire arms, ammunition and explosives is stored in silos previously used by the Russian strategic missile troops in the area of the Arshty populated locality.

"GRAD shelling of Groznyy houses from the forest near the Staraya Sunzha populated locality has been followed by rumors claiming that the shelling was done by Russian troops.

"There is a report on a terrorist group with a strength of up to 200 men from among staffers of the Dudayev security service and foreigners-representatives of the Hamas organization. The group aims at revenge, physical elimination of some heads of the federal authorities.

"There is information that Dudayev is supported by up 500 Turkish citizens, the majority of whom come from the Chechen diaspora. The citizens are involved in combat operations".

Government Estimates Chechen Losses

LD2801174295 Moscow ITAR-TASS in English 1733 GMT 28 Jan 95

[FBIS Transcribed Text] Moscow January 28 TASS—The following report of the Russian Government press service has been received by ITAR-TASS:

"According to a report of the Russian federal troops command, the federal troops have been blocking Groznyy streets and replacing block-posts during the day.

"They have placed additional block-posts for ensuring the delivery of material means to downtown Groznyy.

"The aviation bombed personnel, materiel, storages of armaments, resistance points and bridges, involved in reconnaissance and evacuated the wounded.

"As of January 28, the enemy lost 4,836 men killed and 33 POW. The combat operations destroyed 46 tanks, 53 APC's, 96 field artillery pieces and mortars, three air defence installations, 144 vehicles, five helicopters, 266 planes and six ammunition storages.

Udugov Cited on Fighting in Groznyy

LD2901165995 Moscow INTERFAX in English 1251 GMT 29 Jan 95

[FBIS Transcribed Text] GROZNYY, Jan 29 (Interfax)—Several large clashes involving federal troops and Chechen fighters took place in Groznyy this morning.

Head of the Chechen Information Service Movladi Udugov told Interfax that Chechen fighters had attacked federal troops controlling the territory around the Baronov Bridge across the Sunzha River at around 5:30 this morning. He said federal troops had been forced out of the Noi Blochidze, Kavkazskaya and Tbilisskaya streets as a result of serious fighting.

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Udugov said that when attacking federal troops near the bridge Chechen fighters wanted to seize the military town "of strategic importance" close to it. Udugov failed to say whether the attack was a success. He only said that by 11:00 military actions in the region had become less intensive.

Udugov said that fighting had also taken place near the Khankala former military airport (eastern outskirts of Groznyy) at around 4:00 this morning. The airport itself is controlled by federal troops while the military town around is controlled by Chechen militants. Udugov said Russia had been using tanks and armored vehicles during the fighting. He added that a petrol station nearby had been destroyed. The situation around the airport has "stabilized" by 9:00 this morning. The conflicting parties were remaining on their positions shooting at each other.

Udugov said Chechen fighters had subjected federal troops in the Khankala airport to artillery fire from the town of Argun.

He said federal troops had renewed artillery attacks on Groznyy at 6:00 this morning. He said two petrol storages had been destroyed in the Zavodskoy district of Groznyy as a result of the previous artillery attacks lasting from 20:30 January 28 till 3:00 this morning.

Udugov said federal troops had also subjected to artillery fire from the Grad and Uragan launchers the southwestern outskirts of Groznyy (the Aldy and Chernorechye villages).

Yerin on MVD Troops' Role

MM2701192395 Moscow KRASNAYA ZVEZDA in Russian 28 Jan 95 p 1

[Interview "specially for KRASNAYA ZVEZDA" with Russian Minister of Internal Affairs Viktor Yerin by Vladimir Gondusov, staffer of the Russian Federation MVD [Ministry of Internal Affairs] Television and Radio Broadcasting Studio; date and place not given: "The Army Has Fulfilled Its Task, Now It's a Job for MVD Forces"]

[FBIS Translated Text] [Gondusov] Viktor Fedorovich, in accordance with the decision of the Russian president, now that the Army has fulfilled its main task, the major workload in the battle against bandit formations is from the end of January to fall on the MVD. Please say what steps have been taken in this connection?

[Yerin] The Russian Federation MVD has throughout this entire period already been taking specific measures on Chechen Republic territory. From the very first days internal troops subunits have been serving there, assuming the major workload in the task of ensuring law and order. They have performed this function worthily in close collaboration with the Armed Forces.

In parallel with the forces of officers of the internal affairs organs, the special-purpose militia detachments, and the rapid-response detachments, we are searching for and arresting armed criminals and investigating specific criminal cases instituted in connection with crimes committed on Chechen Republic territory. Right now we are moving this work into a broader channel because at this stage the Armed Forces will be giving us direct help only in cases where we do not possess the necessary forces and means.

[Gondusov] In Chechnya, as we know, the local internal affairs organs have been eliminated almost in their entirety. Do you plan to bring in former Chechen MVD staffers to serve in the militia?

[Yerin] Our main task is to ensure the maintenance of law and order in the full sense of the term throughout the territory of the Chechen Republic and the adjacent regions, and to create a reliable law-enforcement system—the former one has indeed been destroyed. It is essential to bring the internal affairs organs up to strength, provide them with everything they need, and finally begin to issue militia staffers with their pay. It must be said that it was precisely the Chechen internal affairs organs which maintained a pretty good professional detachment, which was effectively removed from keeping order by the forces of Dudayev's regime. We hope that now the militia officers will return to their professional duties. We will give them every sort of support and help. And this will lead eventually to rayon and city internal affairs organs functioning on Chechen territory.

In the initial stage we will support them with forces from other regions, so that at some time in the future they will be able to resolve all questions on their own.

[Gondusov] Is this a long-term task?

[Yerin] Undoubtedly. In the course of three years everything that could have been destroyed has been destroyed. Now it will take a considerable time to repair the damage, so that Chechnya once again becomes a full component of the Russian Federation, and so that it lives in accordance with the Russian Constitution.

Stepashin Cited on Operation's Next Phase

MM3001095995 Moscow ROSSIYSKAYA GAZETA in Russian 28 Jan 95 First Edition p 1

[Interview with Sergey Stepashin, head of the Federal Counterintelligence Service, by Boris Yamshanov; place and date not given: "Sergey Stepashin: They Should Be Helped the Way We Helped Tashkent. Next Stage in Settlement of Chechnya Crisis Is Restoration of the Economy"]

[FBIS Translated Text] For more than a month the country has been, without exaggeration, waiting for the latest news from Chechnya. Why is it sometimes so contradictory, why in the first few weeks of events did we

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hardly see any of our soldiers on TV but just more and more gunmen—what was actually happening? This is discussed by Sergey Stepashin, leader of the Federal Counterintelligence Service [FCS], who has returned from the North Caucasus.

[Stepashin] There is no such thing as one-sided truth. There cannot be just Kovalev's truth or, for instance, Stepashin's truth. It all depends on where you're standing—if you look from the Dudayev side you see nothing but peaceable intentions; things look quite different for Russian soldiers involved in the fighting.

I have always had hope in our Russian journalists that they would be able to find a happy medium and work out what is lies and what is the truth. For some reason it has not always worked out like that.

Undoubtedly, it was a mistake that we failed to think about the press at the start of the conflict. We should recall how the Americans worked with the press during Operation "Desert Storm" and what propaganda results they achieved! But we pushed our journalists in the opposite direction.

We are learning from our mistakes. The situation has now changed, and TV viewers and readers have immediately sensed this. All the more so as our servicemen are indeed doing a heroic job—all of them, from soldiers to generals. I saw General Rokhlin at work—he very much reminded me of Serpilin from "The Quick and the Dead"....

[Yamshanov] What will be the next phase of operations in Chechnya?

[Stepashin] The phase of military operations with the participation of Army units is over. Overall leadership of the work to disarm the bandit formations will henceforth be carried out by the MVD [Ministry of Internal Affairs].

The most important part will be the set of economic problems examined at the Security Council. It has been decided to send to Chechnya a large group of experts, specialists, gas workers, and construction workers—figuratively speaking, to repeat what was by no means the worst experience of the Soviet Union when, for instance, the entire country helped to restore Tashkent or Spitak. Overall leadership on the spot will be at a high level, at the rank of government vice premier.

[Yamshanov] What will the FCS be doing?

[Stepashin] It will carry out the same functions as it does here—counterintelligence, combating terrorism, and catching criminals, particularly mercenaries. Several dozen mercenaries have already been captured. They included Egyptians, Syrians, Jordanians, Afghans, a Ukrainian, a Lithuanian....

An FCS directorate for the Chechen Republic has been set up and several curfew companies will be formed to carry out a mission similar, for instance, to the way in which security officers disarmed bandit formations in the Western Ukraine and the Baltic. Naturally, it is not a question of a historical analogy but of the tactics of operations.

A great deal of work is being done directly with the population and with elders. And it has to be said that these efforts have met with a response. There will be no talks with Dudayev. The Prosecutor's Office is instituting criminal proceedings against him.

[Yamshanov] Sergey Vadimovich, our editorial office has information that Chechnya has suffered from tyranny and excesses—particularly against the Russian population—for three years. Will such cases be investigated and documented?

[Stepashin] A commission has been set up to study and investigate everything that has happened in the Chechen Republic. It is headed by Oleg Lobov.

The FCS is already conducting this kind of work. We have collected a large number of testimonies on cases of lawlessness, violence, and numerous murders. All this is, unfortunately, true. I invite you to come with me on my next trip to Chechnya and you will be able to see everything for yourself.

Text of Troops' Appeal Defending Leaders

MM2701190195 Moscow KRASNAYA ZVEZDA in Russian 28 Jan 95 p 1

["Appeal by Servicemen of Units and Subunits of Russian Troops Serving in the Chechen Republic"; dated 24 January 1995]

[FBIS Translated Text] To the President of the Russian Federation
The Chairman of the Russian Federation Government
The Chairman of the Federation Council
The Chairman of the State Duma
The Minister of Defense of the Russian Federation
The Chief of the General Staff of the Russian Federation Armed Forces

The political and psychological situation that has taken shape around the units and subunits of the federal troops in the Chechen Republic obliges us to address you personally and to set forth our views on a number of fundamental issues.

A cruel, uncompromising war is being waged on the territory of the Chechen Republic, and its consequences will determine the future not only of the North Caucasus region but also of Russia as a whole.

Acting on the orders of the supreme commander in chief of the Russian Federation Armed Forces and the Government, the Russian Army is paying with its own blood for the mistakes and miscalculations of the politicians of the past. Soldiers and officers are fighting not against the Chechen people nor against individual bandit formations but against well-manned and well-trained armed

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forces created by Chechen mafia groupings and against well-trained professional mercenaries from countries of the far and near abroad.

We want to draw your attention to the fact that the Russian Army is essentially operating in encirclement. From the front it is being opposed by gangs of professional killers and mercenaries who have been brought together from all over the world. From the rear it is experiencing blows from the opponents of stronger Russian statehood entrenched in a number of the mass media and within the country's individual pseudopatriotic political movements and public organizations. While systematically insulting the Russian Army and its soldiers and officers, these people are risking nothing. They are not shedding their blood and are not prosecuted under the law for a criminally scornful attitude toward servicemen and toward the Army as a whole.

Hiding behind support from unscrupulous politicians and actively resorting to juggling with the facts, extracting individual utterances and words from statements by command personnel, and to overt falsification of events and facts, many Russian mass media sources are disinforming the population, deliberately exacerbating the political situation in the country, and undermining Russia's authority in the international arena.

It is not hard to notice that the constant attacks on the defense minister and on leadership personnel of the Armed Forces are part of a well planned and organized information-psychological war against Russia.

Overt subversive propaganda affects the morale of personnel and helps to galvanize the actions of criminal groups not only in Chechnya but also in other parts of Russia.

Deeply aware of the danger for Russia that stems from the criminal regime of Dudayev and other separatists, servicemen of the federal troop grouping are fulfilling their duty under very difficult conditions, not sparing their lives and their blood, and are consistently resolving the tasks of restoring constitutional order in Chechnya.

Servicemen have no doubts about the correctness of actions to ensure Russia's territorial integrity and to defend the freedoms and rights of all the citizens who live on the territory of Chechnya—a constituent part of the Russian Federation.

All state structures and public organizations are obliged to support the efforts of the servicemen conducting combat operations in the name of preserving the unity of the Russian state.

We demand an end to the discreditation of leadership personnel of the Russian Federation Armed Forces and of all commanders and chiefs fulfilling their military duty. Never before has the Army in Rus been subjected to such degrading attacks. Servicemen are the fatherland's defenders, and in the present conditions they are doing everything to strengthen the fatherland's sovereign might. We are prepared to endure and overcome everything if they stop spitting in our face and shooting us in the back.

The time has come to give servicemen determined support at the state level, at sessions of the Federal Assembly, and in the mass media. This is why we have been forced to turn to you—the supreme commander in chief, the chairman of the government, and the leaders of the State Duma and the Federation Council.

At this difficult time for Russia all honest politicians must think not of their own ambitious interests but of the state power and of sovereign honor. Today it is particularly important to convey to the country's public opinion the whole truth about this cruel and atypical war.

24 January 1995

Turkish Newspaper Interviews Dudayev

TA2701163695 Ankara ANATOLIA in Turkish 1425 GMT 27 Jan 95

[Interview with Chechen President Dzhokhar Dudayev by unidentified AA correspondent in Groznyy; date not given]

[FBIS Translated Text] [AA] What is the political situation in the country now?

[Dudayev] If I had to summarize the current political situation in Chechnya, I would say that we are paying for Russia's political adventurism with our blood.

Our people, who are completely bereft of any means of protection, are being wiped out by highly destructive missiles and bombs. The fact that long-range aircraft carrying nuclear bombs are being used now and that unexploded bombs were found in the Gudermes [name as received] region show the extent of Russia's aggressiveness. This, in turn, shows that citizen of the world Andrey Sakharov's fears are coming true. This development shows that the high-level administration in Russia can find no way of annihilating the Chechens short of resorting to a nuclear assault.

The Russian Administration seeks a solution that will meet its own desires. The freedom of peoples can never be achieved through military attacks; however, the Russian troops were given these adventurist orders to attack. That is why they got bogged down in this unending quagmire with no solution.

The Chechens' Free Spirit

Nobody can break the free spirit of the Chechens. All the armies of the world, all the military techniques are not enough to break their spirit. Russian soldiers are dying here without knowing for what, for whom. They have armed vehicles, helicopters, planes, long-range guns, but the only enemy they face is civilians. Their planes destroy our homes.

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The present regime in Russia is very dangerous because it does not know where the Russians are, where the Ukrainians are, and it is therefore bombing the civilian population. We apologize to all civilians for this disaster caused by the Russian Administration. It is not our fault. The civilian people of Chechnya, who come from various origins, are suffering because of the Russian regime.

Everything on Land

Our nation has no doubts that we are fighting to protect our own people. It is the people here who are fighting Russian aggression. The Russians want to wipe out everything on the land in this region. They are using highly destructive missiles in their raids and are focusing on factories, buildings, houses, hospitals, nurseries, schools, and universities. In this way, they want to starve us and turn us into beggars.

They cannot destroy our courage. Our spirit is strong. They want to destroy our buildings? Let them; we will build new ones.

The Chechens are used to such things. They were exiled once, twice, three times... How many more times will they be exiled? The soldiers do not know why they are fighting. In other words, they do not know that this attack is part of a program to displace the Chechens. The Russian authorities deliberately lie about the number of people living in this region. They say there are 70,000, whereas the number of pensioners of Slavic origin living in Groznyy alone is 170,000.

The Plan To Purge Chechnya of Chechens

Their plans are terrible. They accuse me of making false propaganda. Here is the plan for Chechen emigration. In fact, it is a deportation plan. That is, a plan to purge Chechnya of Chechens. December 1 1994...

[AA] May I see that plan?

[Dudayev] Please. R 1887 [not further specified] 1 December 1994... Article 8: Organize permanent housing and employment for the refugees. Make them emigrate to the Provinces of Saratov, Volgograd, Astrakhan, Orenburg, and Ulyanovsk.

First they bomb us, and then they declare us refugees.

Resolution 1361, dated 9 December. The city of Moscow... This is the second plan... It is a resolution by the Russian Council of Ministers, and it is signed by Russian Prime Minister Viktor Chernomyrdin. Here is the stamp. It is addressed to the Russian federal emigration department... With regard to the settlement of the refugees coming from Chechnya. Who will deal with them? The Russian Duma... Who will be settled?

These documents were found by Chechen forces who intercepted an officer in the federal counterespionage service (the former KGB) who was trying to deliver them to the temporary council in the village of Znamenskoy [name as received] in Nadterecny [name as received] District. The temporary council is the administration being established in the areas under occupation. The document was addressed to this council. It was signed by Mitiyukov, the first deputy chairman of the Russian Duma.

In this document, Chechnya is divided into 31 zones. The document even cites the number of people to be deported from the region. They call it humanitarian aid. There is no site they have not bombed. They destroyed nurseries and hospitals. Why have they not destroyed the presidential palace? We discussed this. We believe they are keeping it for the new government. Furthermore, they may be considering world public opinion, because there are dozens of witnesses here from all over the world.

Russian Atrocity

I repeat: No army in the world can successfully implement the plan put forward by the Russian political administration. That is, nobody can deter the Chechens from their aspirations of freedom. This is the genetic heritage of the Chechen people, handed down by God. For this reason, it is impossible to prevent them from achieving their aim of freedom.

Let me describe the Russian people's atrocities: A group of 12 people, consisting of women and children, are captured while fleeing the bombing, thrown underneath four tanks, and crushed to death. Such are the Russian atrocities. Young people 15-16 years old are being thrown from helicopters and killed.

But the Chechen people are a nation that cannot be psychologically or morally crushed. The Russian soldiers who are taken prisoners are not treated badly. They are given permission to see their families. Moreover, some are returned to their families.

The plan devised by the Russian Administration envisages a swift victory in the wake of a comprehensive attack, to be followed by the establishment of an administration that will promote colonialism in those territories. This, however, is an unattainable goal. They can kill us, crush us, drive their tanks over us, and butcher our bodies, but they cannot break our spirit of freedom and independence.

Russia's Chances of Extricating Itself From This Situation

Only with our help can Russia extricate itself from this situation. The world strongly condemns Russia. The promised 6 billion [no currency as received] loan was cut off. The 9 billion [no currency as received] loan from the East was also stopped.

The use of nuclear weapons is threatens the whole world. Under these conditions, the countries of the world may isolate Russia. The morale of the Russian Army is very low. Despite the modern arms at their disposal, many are

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deserting. They lose at least 200 people every day. There are also those who cross over to our ranks.

They Will Attack Crimea

The high-level Russian Administration, which has lost its head, can be stopped by a revolution or by being forced to adopt a different stand. There is no other way. Top generals have changed their minds about achieving a solution through war. This war affected Ingush, Dagestan, Ossetia, Georgia, and Azerbaijan. Actually, the plan is comprehensive. They will attack Crimea after they finish with Chechnya. There are documents that prove this. I have documents regarding intervention in Crimea and in other regions within the same framework.

These politicians, who have lost their minds and who base their plans on such attacks, must be stopped and tried.

The initiatives undertaken by the great Andrey Sakharov deterred a nuclear attack on Afghanistan. Now there is a nuclear threat that poses a real danger. The world must come to the aid of the Chechen people, who are experiencing very hard times.

General Staff Officer on War's 'Lessons'

MM2701123195 Moscow KRASNAYA ZVEZDA in Russian 27 Jan 95 p 2

[Interview with Major General Yevgeniy Nikitenko, deputy chief of the Russian Armed Forces General Staff Military-Science Directorate, by Oleg Vladykin; place and date not given: "Groznyy Is Not the Desert. First Attempts To Derive Lessons from Army's Actions in Chechnya"—first three paragraphs are introduction]

[FBIS Translated Text] From KRASNAYA ZVEZDA's File. Major General Yevgeniy Grigoryevich Nikitenko was born in 1949 in the village of Malakhovka, Novorossiyskiy Rayon, Orenburg Oblast. In 1969 he graduated from Kharkov's Tank Command School and in 1980 from the Armored Tank Troops Military Academy. He has served in various command and staff posts in the Odessa, Transcaucasus, and Turkestan Military Districts and the Central Group of Forces. He was deputy chief of the operational department of the 40th Army staff in Afghanistan 1985 through 1987. In 1993 he graduated from the Armed Forces General Staff Military Academy and was appointed deputy chief of the Russian Armed Forces General Staff Military-Science Directorate.

So, what is happening in Chechnya? Has a very real war broken out, or something else? How should we assess the actions of the federal group of forces there? How far do events in the North Caucasus affect the public mood and state policy? Can any general conclusions be drawn?

Ordinary citizens, politicians, and state officials at the highest level are now trying to find answers to these and a host of equally complex questions. Naturally, the leadership of the military department is no exception. That is why the Russian Federation Defense Ministry is taking every opportunity to study and continuously analyze the situation in Chechnya. Mass media articles on the situation which the General Staff obtains, reports from the troops, and even informal contacts with officers back from the combat zone form the basis of the generalized assessments and predictions regarding the immediate future that the Russian Federation Defense Ministry Information and Analysis Center and the Russian Federation Armed Forces General Staff Military-Science Directorate submit to the high command. Our correspondent met with Maj. Gen. Yevgeniy Nikitenko, deputy chief of the Military-Science Directorate.

[Nikitenko] Under no circumstances should events in the Chechen Republic be regarded as combat operations in the classic sense of the word. They are being conducted by different methods and on different principles. To put it scientifically, we are dealing with the use of military-force methods to resolve internal, fairly acute clashes in one area of our own state. Admittedly, I must acknowledge that we did underestimate some elements of the Dudayev regime's activity in the region when planning and preparing the operation. This had a number of negative consequences. During the initial stages of the efforts to disarm the bandit formations difficulties arose with troop convoys' passage across the territory of Ingushetia and Dagestan. Then, it did actually prove necessary to conduct combat operations in Groznyy at a tactical level—operations that might have been avoided had the scenario been different.

[Vladykin] Do you mean to say that the operation was not prepared thoroughly enough? It looks as though some observers are right to reproach the command of the Armed Forces with inability to command the troops effectively.... To develop that idea further, one can only agree with what certain Western analysts are saying about the Russian Army's lacking the potential to capture an area the size of the Bahamas.

[Nikitenko] It is simply inappropriate to draw an analogy between "banana republics" and Chechnya. First, I would like to point out that the Russian Federation Armed Forces are not conducting a military operation as such. Let me stress once again that they are carrying out measures to restore the legitimate authority in a certain area and disarm illegal bandit formations.

This kind of operation does not feature in fundamental military documents. No one has ever formulated for the Army the procedure, methods, and means of conducting such an operation. The troops have not trained for this. And nothing of the sort features in military training programs.

What is more, no analogy can be drawn between what the Americans did in Somalia, for instance, and the actions of Russian troops on Russian territory. We have had to constantly remember that citizens of our state are

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in the combat zone and that important national economic installations are located there. Thus the troops have been placed in extremely alien conditions.

Well, needless to say, the extremely brief preparations for the operation took their toll along with the initial vagueness as regards the tasks that state government organs assigned the Armed Forces.

The Defense Ministry was first alerted to the intention to use the Army in Chechnya in early December. The Russian president then signed Edict No. 2166 of 9 December "On Measures To Suppress the Activity of Armed Formations in the Chechen Republic and in the Ossetian-Ingush Conflict Zone." On the basis of that edict the power ministries immediately set up an interdepartmental operations group, whose work was led by the Russian Federation Defense Ministry. It planned and prepared the operation which began to be put into practice at 0700 hours 11 December. The operation's main tasks were to protect Russian citizens from criminal tyranny and armed extremism, eliminate illegal armed formations, and restore the integrity of the Russian Federation and law and order in the North Caucasus.

The task looked infeasible without involving considerable Army forces.

[Vladykin] So the Dudayev regime's military strength was nonetheless assessed as extremely significant?

[Nikitenko] According to intelligence data, when troops started to be brought into Chechnya, Dudayev's forces numbered around 15,000 personnel in armed formations, around 40 tanks, 50 or so infantry fighting vehicles and armored personnel carriers, 109 field artillery guns, including 10-18 "Grad" salvo-fire rocket launchers, and around 200 antiaircraft defense systems. It was thought that there were around 2,500 mercenaries on Dudayev's side.

I think you realize that the presence of such forces, particularly the fact that the illegal formations had heavy weapons, made it unlikely that the assigned tasks could be implemented without the Army, i.e. solely by law-enforcement and internal troop subunits, which do not have the means of overcoming that kind of opposition.

However, a miscalculation was nonetheless made in forecasting the scale and ferocity of the bandit formations' resistance. I myself read reports to the General Staff from the troops' area of operations. They contained the following sentences 13 and 14 December, for instance: "Dudayev's illegal armed formations do not pose a serious danger to Russia's troops. They will scatter during conflict and move on to guerrilla warfare."

To some extent these assessments stemmed from the formulation of the Army's actual task. Political analysts thought that Dudayev's formations were organized like the militia, i.e. that they were irregulars. Hence the initial request from Russia's state government bodies for the Army to blockade Groznyy and exert military pressure by its presence primarily, and only come into action in cases where Dudayev's men used heavy armaments. They hoped to achieve all the rest using MVD [Ministry of Internal Affairs] troops and the militia.

In actual fact it turned out that the Chechen formations' two years of purposeful combat preparations, their mercenaries, a fairly well-organized centralized command and control and combat planning system, and strict vertical subordination of command personnel enabled Dudayev to set up a well-trained and well-organized mini-army. Incidentally the currently much-used comparison with the Afghan mojahedin—who for the most part operated in isolated groupings under the command of what were often quite independent field commanders, in definite regions, mainly around their own population centers—is quite inappropriate here.

[Vladykin] Did you find that Dudayev had an "army" and decide immediately to launch units of the Armed Forces into battle against it? How can you account for the sudden change in the troops' task on New Year's Day? They should have been encircling the Chechen capital....

[Nikitenko] No, the Dudayev armed formations' potential had become fully apparent during the battles with them in Groznyy. And I cannot say that the hasty introduction of troops to the city on New Year's Day was anything more than an attempt to exploit the element of surprise. Because I am familiar with the documents that were submitted to the political leadership for consideration 26 December. They outlined the plans to bring Defense Ministry units into Groznyy, if necessary, at very short notice and totally clear the city of illegal armed formations of mercenaries and guerrillas.

The operations were prepared with an eye to Afghan experience. I, for instance, took part in the operation to capture the Kakari-Sharshari mojahedin base area northwest of Herat. At that time there were plans for local combat operations in the city itself. For that Lieutenant General Dubynin, who was in command of the 40th Army at the time, gave orders for the requisite number of assault groups to be set up. They began exercises. But when representatives of the army staff arrived at the 5th Division, they saw that the nature and quality of the groups' training did not correspond to their planned operations. For that reason alone the start of the operation was postponed for a few days. And we began training personnel from scratch. The upshot being that the combat operations in the city were conducted with minimum losses.

In Chechnya the attempt to exploit the factor of surprise by and large had a positive effect, but the reduction in the troops' training period did of course take its toll during their actions in the center of the city....

[Vladykin] Instead of assault groups and detachments, armored hardware was brought into Groznyy, which was

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immediately bombarded with antitank weapons and a considerable amount of it burned out....

[Nikitenko] It is not that simple. Needless to say, when it comes to classical tactics, cities are not captured by tanks. But I can understand the commanders who did not get an opportunity or the time to gather together assault groups but were at the same time faced with the need to bring their subordinates into direct contact with Dudayev's armed formations. Presumably they were relyingd on the tanks' firepower and on the fact that the armor would at least protect people from firearms. After all, it takes specialized weapons to damage a tank or armored personnel carrier. There was still a glimmer of hope that the bandits only had a limited quantity of these weapons. Regrettably, that did not prove to be the case.

[Vladykin] Tell me, Yevgeniy Grigoryevich, do you not think it paradoxical that the military are today being reproached with excessive haste and reckless determination and at the same time with sluggishness in acting in the Chechen Republic?

[Nikitenko] That is true. The conflicting assessments of the troops' actions are the result of an impatient desire to obtain a definitive result to the operation in Chechnya as soon as possible (unequivocal success or total failure), combined with utter incomprehension of the nature of the operations being conducted.

Let me point out once again that we are not at war with our own people. The troops' greatest difficulty is to cut off the civilian population from the bandits and only then annihilate the bandits.

And the bandits are perfectly well aware of our difficulties. They try their best to mingle with the residents of Groznyy and other population centers. They often open fire right from areas where civilians are concentrated—which slows down the troops' movement and increases the losses among our subunits. As far as I know, the military stationed in Chechnya at first did not even imagine that Dudayev's men would act so treacherously and would so often use threats to force civilians to become their human shield.

We should also be aware that commanders take it very hard when their soldiers are killed or wounded. They look after the guys and try where possible to minimize the likelihood of their being hit. But not everything is within their power.

[Vladykin] But was there any chance at all of conducting the operation without any losses?

[Nikitenko] If we are purely theorizing, I can say that there was. Suppose the Army had been ordered to act in the same region under the laws of wartime. In other words, suppose it had been authorized to use all the means at its disposal.

Then a quite different group of forces would have been set up. On the lines in which the hostilities in the Gulf area were organized during Operation "Desert Storm." We estimate that the troops of the North Caucasus Military District alone would have been sufficient. For a month they would have undergone intensive training in combat teamwork between formations and units. During that time the operation and material support measures would have been thoroughly planned. The population of the area scheduled for armed influence would have been processed in the appropriate manner. Civilians would have been asked to leave the area of imminent combat operations, the available methods and opportunities for that would have been explained, and a migrant reception procedure and the location of the requisite aid centers would have been announced.

And then.... A preformed Ground Forces grouping would have started active operations following heavy preparatory fire. Data obtained from agents, special, radiotechnical, aerial, and space reconnaissance would have made it possible to attack clusters of enemy personnel and hardware and highly important installations.

It would have taken several massive bombardments to virtually completely destroy the kind of mini-army that Dudayev had set up. Involving combat aircraft (Su-24M bombers and Su-25 ground-attack aircraft) and various kinds of helicopters. Every aircraft and helicopter has 8-10 hard points which can be fitted with high-precision rockets and bombs, rocket pods, rapid-fire guns, tanks of incendiary fuel, and other weapons.

The Ground Forces' lastest rocket systems with a range of around 300 km could have taken part in the delivery of fire. Their powerful, high-precision warheads on average deviate just 10-15 meters from the target. And the very effective "Uragan" and "Smerch" salvo-fire systems with a range of 34 and 70 km respectively would have been used with the "Grad" salvo-fire rocket systems. We would have brought into play modern munitions with tremendous destructive force and would also have blockaded enemy groupings by remote minelaying in the area.

I assure you that, had we used in Chechnya all the might available to the Russian Armed Forces, there would not even be a shadow of Dudayev's cutthroats left on the face of the earth. At the same time they could not have done any palpable damage to our troops. They simply would not have been able to get at them. But... Groznyy is not the desert. And it was not deemed possible to organize a "storm" there.

Prospect of Expanded War 'Worries' Groznyy

LD2901171395 Moscow INTERFAX in English 1251 GMT 29 Jan 95

[FBIS Transcribed Text] Groznyy, Jan 29 (INTERFAX)—Groznyy is worried at the prospect of the Chechen war being spread on to Russian cities, head of the Chechen information service Movladi Udugov who is also one of Dzhokhar Dudayev's close associates told Interfax.

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He said this could be done by field commanders behind the back of the Chechen leader who is opposed to violence in Chechen-Russian relations regardless of the crimes being perpetrated on Chechen soil.

Moves by Would-Be Chechen Leaders Viewed

MM2701134595 Moscow IZVESTIYA in Russian 27 Jan 95 p 2

[Article by Valeriy Yakov: "While Blood Is Being Shed in Groznyy, Chechen Portfolios Are Being Shared Out in Moscow"]

[FBIS Translated Text] In the Caucasus campaign one more stage, headed by military minister Pavel Grachev, has been completed. The baton has been passed to the next power minister—Viktor Yerin, at whose disposal the army units have also been left. But while the power ministers are changing places, influential Chechens in Moscow are forming their own teams for the struggle for power.

The aim of the next stage of the war, if official reports are to be believed, is "the socioeconomic, political, and legal revival of the republic and the creation of conditions for holding free democratic elections." To judge from the claim, the realization of this stage could drag on for a long time. But as for free elections, the teams aspiring to power in Chechnya are not waiting for the triumph of democracy in this separately viewed region and have already mounted vigorous activity.

As is known, at present only Prof. S. Khadzhiyev, leader of the government of national revival and former union minister of the petroleum refining and petrochemical industry, is engaged in real activity on the republic's territory with a group of his supporters. He is organizing the work of managerial structures on the territory controlled by federal troops, assessing the scale of the destruction and the potential for rebuilding damaged installations, and tackling the problems of refugees, the distribution of humanitarian aid, and many other questions. At the same time Khadzhiyev understands perfectly well that he might become the figure of the transitional stage and that he is faced with tackling what is probably the hardest thing—to enter Groznyy together with the army which is storming the city. This fact will most likely be the chief trump card for Khadzhiyev's rivals in the struggle for power, and they are already accusing him of "bringing his government to Chechnya on Russian bayonets."

This accusation has been made by the team which is actively being formed by Prof. R. Khasbulatov, the former Russian speaker. The cunning political tactician and ex-speaker left the republic in time, thereby gaining the right to condemn from the sidelines the federal authorities' punitive action and to win dividends with his fellow countrymen. Now, according to available information, Khasbulatov is making the switch from accusations to actions and, without any unnecessary advertising, is gathering around himself those representatives of the Chechen diaspora and opposition who wield at least some influence and have a chance of receiving one portfolio or another.

A third aspirant is observing closely the actions of both teams—D. Zavgayev, a still more experienced master of apparatus intrigues, former communist leader of Chechnya, and ex-speaker of the Chechen-Ingush parliament. Today he is in the most advantageous position, since he is conducting his backstage games directly from the Kremlin, where he is on the president's apparatus. Informed sources report that he invites there, to the Kremlin chambers, for discussions those influential Chechens whom he would like to see as ministers in his own government. Gatherings are held literally a few paces away from [Chief of Presidential Staff] S. Filatov's office and not far from the president's apartments, and so talk of proposed portfolios sounds particularly convincing.

According to available information, Zavgayev has been accorded the high honor of accompanying V. Chernomyrdin on his next trip to Groznyy and even preparing there a meeting between the premier and the Chechen clergy. There can be no doubt that Zavgayev, the experienced party apparatchik, will squeeze from this trip the maximum dividends and propaganda capital in order to place his own people alongside Chechnya's "golden" petroleum taps. And also in order to secure the right to participate personally in the distribution of the funds which must soon be poured into rebuilding the devastated republic.

As for the federal tacticians, to all appearances the present confrontation among the Chechen aspirants suits them, since it enables them to influence each of the teams to a certain extent and at the same time to play their own game.

OSCE Finds No Evidence of Torture, CW Use

LD2701211495 Budapest Kossuth Radio Network in Hungarian 2000 GMT 27 Jan 95

[FBIS Translated Text] A delegation of the Organization for Security and Cooperation in Europe [OSCE] has not found evidence of the Chechens using chemical weapons or torturing Russian soldiers in Chechnya. This was stated by OSCE Ambassador Istvan Gyarmati, head of the delegation, after a meeting in Mozdok with the Russian officers who direct the military operations, and a visit to a hospital. Istvan Gyarmati and the OSCE delegation also learned that a new local government has been set up in Groznyy. However, its composition is not yet known.

OSCE Delegation Arrives in Groznyy

LD2901181295 Moscow ITAR-TASS in English 1745 GMT 29 Jan 95

[By ITAR-TASS correspondent Aleksandr Kharchenko]

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[FBIS Transcribed Text] Mozdok January 29 TASS—A fact-finding delegation of the Organisation for Security and Cooperation in Europe (OSCE) led by Istvan Gyarmati of Hungary arrived in Groznyy on Sunday to study the situation on the ground and look into human rights violations in Chechnya.

The delegation met with General Ivan Babichev, commander of the Western group of Russian troops in the Chechen Republic, took a trip to the centre of Groznyy and the devastated presidential palace, and talked to local residents, the majority of whom have been hiding in cellars during the six-week conflict.

The delegation also includes Audrey Glover, OSCE human rights chief, Rene Nyberg of Finland, Regis de Bellenet of France and Zoltan Nagy of Hungary.

The delegation has already visited Mozdok, the North Ossetian town where Russia's military command is headquartered, and Znamenskoye, the Chechen opposition's stronghold.

Further on OSCE's Mission in Groznyy

LD2901223095

[FBIS Editorial Report] Moscow Ostankino Television First Channel Network in Russian at 2100 GMT on 29 January carries a seven-minute recorded video report from the "Nota Bene" program on the Organization for Security and Cooperation in Europe, OSCE, mission to Chechnya on 29 January.

Over video footage of the Groznyy airport, military vehicles, and members of the mission on board an airplane, an unidentified correspondent says that the delegation did not have any real trouble getting to Groznyy. Before the takeoff from Mozdok, he says, the delegation was shown what Lieutenant General Kvashnin, commander of the federal troops, said were Dudayev's personal orders, signed as early as September 1994, to work out a strategic plan of attack. He then shows a note allegedly written by Dudayev himself.

The correspondent says that the delegation met in Groznyy with Major Gen. Ivan Babichev, commander of the Western Group of the Forces, who said that his men had no real problems of a military nature but that they were saddled with all the civilian problems and this was very difficult. Gen. Babichev is shown, who says: "The troops have to deal with everything, including all the civilian problems." He adds: "Military problems can be solved. It is the civilian problems that you must solve."

Over video of burned corpses and wounded men, the correspondent then says that Gen. Babichev claimed to have personally seen the evidence of outrages committed against Russian soldiers.

Russian Justice Minister Valentin Kovalev, who is also in Groznyy, is shown expressing confidence that Groznyy will be restored and that the whole country will help.

In conclusion, Istvan Gyarmati, head of the OSCE mission, is shown saying that Groznyy is worse than Sarajevo or other hot spots he has previously visited. Gyarmati says: "I have reached a conclusion that this war must be stopped, and negotiations must begin. The problem with negotiations is to find who to talk to and about what."

OSCE Urges 'Humanitarian Armistice'

LD3001112695 Moscow ITAR-TASS in English 1052 GMT 30 Jan 95

[By ITAR-TASS diplomatic correspondents Yuriy Kozlov and Andrey Serov]

[FBIS Transcribed Text] Moscow January 30 TASS—The head of the OSCE [Organization for Security and Cooperation in Europe] mission which has just returned from Groznyy said the situation in the city was catastrophic and urged immediate humanitarian aid deliveries to the Chechen capital.

Urgent measures to deliver international humanitarian aid to Groznyy are necessary, Istvan Gyarmati, Hungary's ambassador to the Organisation on Security and Cooperation in Europe, told a press conference on Monday.

He characterised the situation in the Chechen capital as "catastrophic" and said some 150,000 residents have to live in cellars. They have no water, electricity and suffer from food shortages.

Gyarmati urged to arrange "a humanitarian armistice" to deliver aid to Grozny and ease the plight of its residents.

He also called for an early beginning of a political settlement of the conflict.

Aushev Proposes Regional Meeting

LD2701213295 Moscow ITAR-TASS in English 2035 GMT 27 Jan 95

[By ITAR-TASS correspondent Ruslan Maygisov]

[FBIS Transcribed Text] Nazran January 27—Ingush President Ruslan Aushev sent a written appeal to all heads of Russian Federation subjects today to suggest holding a meeting on January 31 in Nazran.

The meeting is expected to "discuss the critical situation and take emergency measures for stabilisation in the North Caucasus region."

Regions 'Apathetic' to Aushev Proposal

LD3001150995 Moscow ITAR-TASS in English 1451 GMT 30 Jan 95

[FBIS Transcribed Text] Moscow January 30 ITAR-TASS—Russian regional leaders will meet in Nazran on January 31, Aleksandr Khandruyev, presidential deputy

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aide for Ingushetia, told ITAR-TASS by the telephone. It appears, however, that the meeting will be attended only by 40-50 percent of those invited, Khandruyev said. One of leaders who refused to come is the president of Kabardino-Balkaria.

The meeting was proposed on January 27 by Ingushetia's President Ruslan Aushev. The agenda is the situation in the North Caucasian region.

Ruslan Baziyev, the Ingush president's deputy envoy to Moscow, described the response of regional leaders to Aushev's invitation as "rather apathetic". Baziyev said in a telephone conversation with ITAR-TASS that "written invitations have been sent to all heads of the federation's component parts, but few responded." The meeting is likely to take place, although with a limited attendance, Baziyev said.

Korzhakov's Forces Reportedly in Yekaterinburg

MM2701123995 Moscow RABOCHAYA TRIBUNA in Russian 27 Jan 95 p 2

[Report by Andrey Kuznetsov under the rubric "The Russian Press Reports": "Why Does the President of Russia Need a Protection Service in the Urals?"]

[FBIS Translated Text] ...Around a month ago, according to rumor, a territorial subdivision of one of maybe the most "curious" Moscow special services started to be organized in Yekaterinburg. I am talking about the Presidential Protection Service led by General Aleksandr Korzhakov.

The Sverdlovsk Oblast Internal Affairs Administration denies being involved in organizing the service. At the same time the information is being discussed in Sverdlovsk as if it was a fair accompli.

Vitaliy Mashkov, the president's representative for Sverdlovsk Oblast, is among those who has "heard that this kind of talk is going on." Admittedly, like many people, he refused to confirm or deny this information, pleading that he has received no official documents on the matter. When asked to express his personal attitude to the above-mentioned service, Vitaliy Mashkov replied: "I am a civil servant and will act strictly in accordance with official instructions."

In the end rumors aren't worth much, so was it at all worth starting the discussion without something concrete "to go on," as journalists say? Quite so. The only thing is that in the draft oblast budget recently discussed by the Duma, in paragraph 2 of Section 222, which relates to the funding of the "Law and Order" program elaborated by the oblast administration in conjunction with the oblast internal affairs administration, there is an entry providing for the funding of some "protection service" to the tune of almost 1.5 billion rubles. Your correspondent was unable to obtain an explanation of what this service is from either the Oblast Internal Affairs Administration or the Oblast Financial Administration.

But someone at the Administrative Organs Department, where the documents for the "Law and Order" program were prepared, officially stated that it has nothing to do with the appearance of this item of expenditure and recommended that the Duma be approached for explanations. But the people there would very much like to know, judging by the debate over the budget, what this protection service is and why the estimated expenditure on it comes to a figure of 1.5 billion.

Urals Association Approves Draft Power-Sharing Treaty

MK2701132095 Moscow SEGODNYA in Russian 27 Jan 95 p 2

[Report from Perm by Igor Lobanov under the "Division" rubric: "Urals Region Approves 'Model Draft' Treaty Between Federal Authorities and Federation Components. Constitution and Laws Are Not Enough To Define Their Relations"]

[FBIS Translated Text] The ruling Council of the Association of Economic Collaboration of Ural Region Republics and Oblasts, meeting in Kurgan 24 January, approved a model draft treaty on the extra delimitation of jurisdictions and the mutual delegation of powers between the federal authorities and the Federation components, which was earlier approved by the Perm legislature and Sverdlovsk Oblast Duma. The meeting was attended by representatives of both the executive and legislative authorities of all Ural territories, and also Vyacheslav Volkov, deputy presidential administration chief, and Aleksandr Pozdnyakov, deputy information minister.

Yevgeniy Sapiro, deputy chairman of the Perm Oblast legislature, who also heads the group that drew up the draft, said 26 January that the purpose of the treaty is to ensure equality in economic rights of all oblasts as Federation components on the basis of retaining and strengthening Russia's federal system, territorial integrity, and single economic space. According to Mr. Sapiro, factors that will help achieve this goal are the precedence of federal interests over regional ones, the provision of guarantees that Federation components will be able fully to exercise their rights within their jurisdiction, and mutual responsibility of the parties, because currently "this is a one-way street and the federal authorities do not bear any responsibility before us."

This treaty, Mr. Sapiro said, does not run counter to any Russian law and is "a great investment in the future," although, in his view, "there should be no such treaties between the federation and its components—relations between them should be defined by the Constitution and laws."

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Participants in the meeting authorized Association President Eduard Rossel and working group chief Yevgeniy Sapiro to submit the treaty and accompanying agreements on the extra delimitation of jurisdictions to a presidential commission for review.

Commenting on Sergey Filatov's recent statement with regard to a number of Federation components' adopting their own statutes, thus allegedly creating a threat to Russian integrity and committing numerous violations of the Constitution, Yevgeniy Sapiro noted that "there will be no problems as far as our statute is concerned, but as for Sverdlovsk Oblast, this is a more complex matter, because their statute calls for gubernatorial elections, which will evidently require the president's consent."

Economic Issues

Chubays Says Economic Reform Policy 'Irreversible'

LD2701144195 Moscow ITAR-TASS in English 1345 GMT 27 Jan 95

[By ITAR-TASS correspondents Konstantin Pribytkov, Viktor Khrekov]

[FBIS Transcribed Text] Davos, Switzerland January 27 TASS—"Before coming here to attend a session of the world economic forum, I had a meeting with President Boris Yeltsin and Prime Minister Viktor Chernomyrdin, who asked me to tell you that the policy of economic reforms in Russia is irreversible," Russian First Deputy Prime Minister Anatoliy Chubays said at a press conference in Davos.

We have done so many serious and important things for us to go back, he stressed. "Yeltsin will not permit it, Chernomyrdin will not permit it, the Russian Government will not permit it," the first deputy prime minister stressed. At present no changes have been made in the privatization programme, the budget has been adopted after second reading, there are grounds to say that inflation has been reduced in comparison with the time when the reforms were started, and that general stabilisation may be achieved in the first quarter of the current year.

Chubays said at the press conference that he does not rule out a possibility of the introduction of a fixed rouble exchange rate with regard to the U.S. dollar. He pointed out that in the forthcoming months the rouble exchange rate would follow the inflation rate, which is quite natural, in his opinion. At the same time, the government is drawing up more radical plans. A fixed exchange rate will probably be introduced on the second stage of stabilisation.

Chubays explained that the fixed exchange rate would not mean a deviation from the reform course. The implementation of that plan will become evidence of the strength of the rouble, not of its weakness. The current system will be in existence for three more months, after which transformations are possible.

"We hope the talks with the International Monetary Fund on granting a six-billion-dollar credit to Russia for 1995, which are under way, will be a success, because during the past several weeks we met all the demands, put forward by it," Chubays said.

Russia does not need food help now, which is an important result of the reforms. What we need most is technical assistance and the assistance in the creation of infrastructure for future investments. Those credits are important not so much as just money, but as a confirmation of the support for the reform course, he stated.

Yasin Details 1995-97 Economic Reform Program

MK2701122095 Moscow SEGODNYA in Russian 27 Jan 95 p 2

[Report by Aleksandr Bekker under the "Prospect" rubric: "Minister Yasin Outlines Medium-Term Reform Program. Economy Ministry To Unveil Document in February"]

[FBIS Translated Text] By the Economy Ministry's estimates, the drafting of an economic reform program for 1995-97 will be completed by late February. This was announced at an expanded ministry collegium meeting by the ministry chief, Mr. Yasin. The program's main goal is to overcome the crisis and to achieve an economic recovery. If this goal is to be achieved, it is essential to step up business activity and boost investment—"highly effective investment," the minister emphasized. In his words, the savings rate in the economy is high and the problem is to invest the money in an accurate, directed fashion in projects promising a quick payoff. A simple increase in the general volume of investment will only aggravate the crisis. "I want all government members to make no mistake about it," Mr. Yasin remarked, making a dig at sectoral ministries that insist on greater funding for their enterprises.

To generate interest in effective investment, the Economy Ministry head continued, appropriate preconditions will have to be created. First, what is required is macroeconomic stabilization, with inflation brought down to 25-30 percent a year. Evidently, the situation that came about by the beginning of this year makes it impossible to achieve the stated targets. This does not mean, however, that the current tight monetary policy may be eased. The second precondition is lowering investment-related risks: first of all, by strengthening the institutions of state authority, legality and the rule of law, including by tightening contract and payment discipline and raising the efficiency of tax and customs services. The third precondition is to create incentives for savings, including those of the population, and to transform them into investment, thus converting "short" money into "long."

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Mr. Yasin also included among these guidelines an active social policy, "the cornerstones of which should be the problems of employment and a fairer distribution of the crisis burden among various groups of the population." The minister linked the latter proposal to an improvement in the tax system. These are the areas, the minister said, on which specific decisions will need to be made and implemented.

According to the three-year reform program, financial stabilization is to be largely achieved in 1995. "Maybe," Mr. Yasin cautioned, "extending to some part of 1996." Afterward, the fruits of stabilization will become evident: interest rates will drop; the financial positions of enterprises will improve; the nonpayments crisis will begin to unravel; private savings and investment, without which an economic recovery will be unthinkable, will rise first of all.

During this year prerequisites should be created to resolve problems of the next two years. For instance, in 1996 the budget will have to be balanced without reliance on foreign borrowing; internal debt-service expenditures will rise, while revenue from rising production will not yet be forthcoming. "Unless we are prepared for that," the minister said, "we may plunge into inflation once again." For this reason emphasis will be put on a better collection of taxes and implementation of an extensive program of internal borrowing. In addition, a significant increase in proceeds from privatization—to the tune of 9-10 trillion rubles—can be planned this year. Judging from Mr. Yasin's words, however, ministry specialists together with Mr. Chubays' experts are still searching for solutions to this problem.

In 1997, the Economy Ministry chief suggested, "private investment underpinned by state investment will begin to generate some returns." A considerable inflow of foreign investment and an overall business recovery are expected to come about by that time against the backdrop of subsiding inflation. But to this end it is necessary "without delay, immediately" to improve legislation, to make preparations for tax reform, to draw up a large-scale program for issuing and selling government securities to the population and enterprises, including for hard currency. "Only in this case," Mr. Yasin emphasized, "will we manage to combine solutions to the problems of balancing the budget and achieving a private investment growth." If emphasis is put on the sale of treasury securities alone, the government will face the problem of narrowing private investment flows, and an economic recovery will be delayed indefinitely. All the more so because presently the value of foreign currency circulating in Russia (as calculated according to current exchange rates) is twice the amount of cash rubles, and the people find it more profitable to convert savings into hard currency.

The medium-term economic reform program for 1995-1997 devotes considerable space to the creation of incentives for savings and investment, including foreign investment.

Officials Detail Privatization Abuses

MM2601135195 Moscow RABOCHAYA TRIBUNA in Russian 25 Jan 95 pp 1-2

[Memorandum from A.N. Ilyushenko, Russian Federation acting general prosecutor, to chairman of the Russian Federation Government followed by statements by V.F. Yerin, Russian foreign minister, and V.P. Strashko, deputy minister: "Transfer of Federal Property into Hands of Private Business Occurring at Defense Industry Enterprises"—first paragraph is RABOCHAYA TRIBUNA introduction]

[FBIS Translated Text] Yesterday RABOCHAYA TRIBUNA began the publication of documents received from the State Duma analyzing in depth the course and results of privatization in Russia. Today RABOCHAYA TRIBUNA publishes two more official documents attesting to the plundering of our common assets. Of course, we are prepared to give the floor to those who assess privatization differently.

[Ilyushenko memorandum begins] 29 November 1994, No. 19-15-94

Esteemed Viktor Stepanovich!

Prosecutor's Office checks in science and production associations, design bureaus, scientific research institutes, and enterprises of the Russian Federation Goskomoboronprom [State Committee for the Defense Sectors of Industry] attest to the extremely poor situation with regard to the safeguarding of federal property. In complex economic conditions, without a clear long-term program for their conversion, formation into joint-stock companies, and privatization, the enterprises of the military-industrial complex are often breaking the law in an attempt to survive.

The prosecutors uncovered frequent cases of the illegal destatization of property, including the unlawful hiving off of structural subdivisions of enterprises with their subsequent formation into joint-stock enterprises, the transfer of property to entrepreneurial and commercial structures, and abuses in the disposal of state enterprises' fixed and working capital. The several examples cited below not only make it possible to judge the nature of the violations but also give an idea of their scales and of how widespread they are.

Thus, in contravention of existing legislation on federal property, the director of the Scientific Research Institute of Automation and Instrument Building experimental plant handed over as incorporation capital to the "Mosmed" joint venture 2,970 square meters of production area. The administration of the "Tekhnomash" science and production association transferred to the incorporation funds of numerous commercial formations unique equipment worth 1.2 billion rubles [R] (in 1991 prices) and also transferred to the use of various entrepreneurial structures over 6,000 square meters of production area. The general director of the "Zvezda"

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state enterprise illegally transferred several million rubles from the cash office of the enterprise entrusted to him to the incorporation capital of the "Tenzor," "Asteroid," and "Brig" limited partnerships, whose cofounders are his sons and his wife, and made available for rental production areas for profit not controlled by the tax organs. The administration of the Moscow scientific research radio engineering institute illegal deposited R1.3 million of state funds as its share in the "Orbita" commercial bank, R300,000 in the "Elektronokompleks" joint-stock company, R50 million in the commercial "LLD-bank," R500,000 in the "Tveruniversalbank," and R9 million in a dozen other limited partnerships.

The prosecutor's office has protested the actions of officials in these and other state enterprise and has demanded that economic activity be brought into line with the law. In the first half of 1994 alone on the basis of claims from the prosecutors the arbitration courts recovered nearly R0.5 billion, dissolved many illegal details, dismissed a number of leaders, and instituted criminal proceedings with regard to the officials of the science and production association named for Lavochkin, whose illegal actions caused the state damage of R7.2 billion.

But we cannot fail to be alarmed by the fact that the majority of law violations are revealed only by the organs of the prosecutor's office although a year ago on the basis of the General Prosecutor's Office memorandum by instruction no. VCh-P7-32575 the Russian Federation Government obliged the Goskomimushchestvo [State Committee for the Administration of State Property], the Goskomoboronprom, the Ministry of the Economy, the Ministry of Atomic Energy, the Federal Counterintelligence Service, and a number of other departments to elaborate measures to introduce order in the field of the privatization of enterprises in the defense sectors.

With a view to eliminating lawbreaking the government has consistently adopted decree no. 1285 of 11 December 1993 "on enterprises and organization of the defense sectors of industry not liable to privatization in 1993-95 and also those which are being transformed into joint-stock companies" and the 10 February 1992 decree no. 96 "on delegating the Russian Federation's power to manage and dispose of items of federal property" which gave the Gosoboronprom and the Goskomimushchestvo the duty of ensuring the safekeeping of state property.

But, as recent checks have shown, the situation has remained virtually unchanged. Numerous instances have again been established of the creation at defense enterprises, in contravention of the law, of various entrepreneurial structures, of the squandering of federal property and funds earmarked for the military-industrial complex. The Gosoboronprom and its subdivisions have been free of control over enterprises' observance of financial discipline and the safekeeping of state property. The Goskomimushchestvo, invested in this sphere with exclusive powers, is also avoiding the proper fulfillment of the functions assigned to it. Moreover, the State Committee and its territorial agencies have frequently themselves made unlawful decisions affecting the privatization of strategically important enterprises of the defense complex.

On the basis of the results of checks prosecutors have protested 65 unlawful decisions to transfer property of particularly secret establishments and have submitted over 100 representations. The General Prosecutor's Office has sent a representation to the Goskomoboronprom chairman and a check on the Goskomimushchestvo has begun.

The results of this check still have to be summed up but it is already obvious that the committee is doing virtually nothing to stop waste at the state's expense and is failing to monitor the justification for supply credits to enterprises and their use of these credits. Counter to the requirements of the Russian Federation law "on mortgages" commercial banks everywhere are granting mortgage credits on the property of defense enterprises without any agreement from a representative of the owner—the Russian Goskomimushchestvo.

In our view it is not entirely right to include in the charters of the defense complex enterprises the right to conduct middleman operations, which opens up the opportunity for their unrestrained commercialization. From the materials of the prosecutor's office survey you form the impression that there is sometimes an artificial mixing of the state and private forms of ownership and so that enterprises can derive an immediate and dubious advantage federal property is being switched into the hands of private business.

Some unscrupulous leaders of military-industrial complex enterprises spurn the elementary interests of state security and enter into commercial relations with overt sharp dealers and give them access to top secret enterprises and secret documentation.

In preventing economic losses and other law violations far from full use is made of the potential of the Federal Counterintelligence Service. Officers from this department head the defense enterprises' security services [sluzhby rezhima]. Being both ex officio and in fact subordinate to the directorate, they are not interested in "washing dirty linen in public." It is no accident that although there are frequent violations of legality at the enterprises the files on them are not sent to the prosecutor's office. It seems to me that in the interests of the matter the Federal Counterintelligence Service workers should be relieved of any dependence on the enterprise leaders.

This is reported for you to deal with as you see fit. [Ilyushenko ends]

Privatization and Crime

On the basis of information from Internal Affairs Minister V.F. Yerin and Deputy Minister V.P. Strashko:

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Over the first 11 months of 1994 some 1,684 crimes were uncovered in the sphere of privatization, 127 of them committed on large and particularly large scales.

Foreign firms are acquiring shares in enterprises in the most profitable sectors of the national economy.

1. In the aluminum industry Israeli citizens M. and L. Chernyy bought up through brass-plate firms 28 percent of the shares in the Krasnoyarsk aluminum plant and 48 percent of shares in the Bratsk aluminum plant.

2. The French firm Serp [name as transliterated] is trying to buy up Russia's only refractory materials plant in Shcherbino. While the plant costs $145 million the firm is offering $5.5 million for 35 percent of the shares.

3. The buildings and installations of the Moscow institute for improving the qualifications of leading workers and specialists in the chemical industry, worth an estimated $100 million, have been sold for 8 million rubles to the "International Academy of Entrepreneurship" closed-type joint-stock company, 20 percent of whose actions belong to the Austrian firms Nordax JMBH and FIP and 25 percent of those shares belong to "Interprivatizatsiya."

4. Foreign firms are being most active in creating joint ventures engaged in oil extraction and the sale of petroleum products. In the "Kroyl" joint venture 40 percent of capital belongs to the Italian firm "Komeli Petroli" [name as transliterated], in the "Trios" joint venture 51 percent of shares belong to the Danish firm "Kholdor Topse" [name as transliterated], and so forth.

5. In various cities foreign firms are trying to buy up the buildings and documentation of TISIZ's [engineering and construction survey trusts], for instance the "Gidroproyekt" joint-stock company in St. Petersburg, the "Yuzhural TISIZ" joint-stock company in Chelyabinsk, the "Kaluga TISIZ" joint-stock company, and the "Tyumenskiy promstroyproyekt" joint-stock company.

6. The most typical crimes were bribery and criminalization in the housing market.

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International Affairs

Udovenko Outlines Foreign Policy Priorities

WS3001082595 Lvov MOLODA HALYCHYNA in Ukrainian 21 Jan 95 pp 1,2

[Interview with Ukrainian Foreign Minister Hennadiy Udovenko by unidentified UNIAN correspondent; place and date not given: "Hennadiy Udovenko: It Is Easier To Work for Me Than It Was for My Predecessor"]

[FBIS Translated Text] [Correspondent] Did Ukraine's main foreign policy priorities change in the last year? How is the concept of our nation's foreign policy being implemented? Does it call for some changes?

[Udovenko] We orient ourselves toward the concept of a Ukrainian foreign policy that was crafted and approved by the previous Supreme Council. We have not changed it. There was an opinion to submit this issue for discussion by the present parliament, but we decided not to do this. This stability is reassuring for our partners and makes the Ukrainian foreign policy predictable. At the same time, we are introducing corrections in this concept. First, our foreign policy should be more active, dynamic, and pragmatic, and should serve in the first place our national interests (this point was stressed by the Ukrainian president and myself in public appearances). Our president acts dynamically. Over the half-year of his time in office, Ukraine was visited by the Chinese and Uzbek presidents, while he visited the United States, Canada, Turkmenistan, and attended the Budapest summit. Officials from all CIS countries, as well as the Baltic states, the Czech Republic, Slovakia, and Poland attended festivities held in Kiev which were devoted to the 50th anniversary of Ukraine's liberation. Leonid Kuchma used this opportunity to meet with leaders of all delegations from those countries.

In addition, quite a few foreign ministers also paid visits to our country. All this testifies to the active and dynamic nature of foreign activities conducted by our state and the president in the first place. Pragmatism is becoming a key requirement. I will always cite the following example: we established diplomatic relations with San Marino, while our state had no embassy in Turkmenistan for the whole three years.

Another adjustment made to the Ukrainian foreign policy: at first, normalization and then development of relations with Russia. Nobody was against this in the past, too; but we have removed the ideological burden from our relations. Over the past six months, there were no ideological aspects in our relationship with Russia. It was only recently, in connection with the developments in Chechnya, that we started to react sharply to the playing of a Ukrainian card. They allegedly found a hat of some Ukrainian fighter in Chechnya, which is supposed to mean that our mercenaries are fighting there. Other than that, we are actively conducting the negotiation process with Russia on many issues. They primarily include issues related to a friendship and cooperation agreement between our countries, the division of the Black Sea Fleet, and the assets and debts of the former Soviet Union. As of now, nearly 20 agreements have been prepared for signature, and as many are in the works. This, however, will not be detrimental to our independence, territorial integrity, inviolability of our borders, etc.

We also seek to intensify our relations with other CIS member countries and restore them based on new principles. I am talking about bilateral relations. Our president visited Turkmenistan and Georgia, while we hosted the Uzbek president, as well as the prime minister and a delegation of the Belarusian Supreme Soviet.

Besides, we need to raise Ukraine's profile within the CIS. However, let me stress that this will not be done at the expense of our independence and creation of some supranational institutions. We believe that economic cooperation should be promoted primarily within the CIS.

We participated in the CIS activities in the past, but it was either negative or passive participation. At present, we are more actively engaged in drafting documents so that they reflect and take into consideration our position. Afterwards, we will have the right either to sign or not to sign those documents.

The above new elements in the Ukrainian foreign policy have not appeared because of our relations with the West and the East. We will continue to stay the course directed at cooperation with them. This applies to the United States, Canada, Germany, Italy, the Netherlands, the Scandinavian countries, the Persian Gulf countries, and the countries of the Asian-Pacific region. I have already mentioned the Ukrainian visit by the Chinese president which gave impetus to Ukrainian-Chinese relations. Now, we are planning to intensify our relations with Latin American countries. The new president of Brazil was sworn in on 1 January this year. Borys Tarasyuk, first deputy foreign minister, was the special envoy in that country. He met with the Brazilian president and the Argentine foreign minister. Also, we do not leave Africa out of our focus. For example, Deputy Prime Minister Plitin has recently returned from the Republic of Guinea.

[Correspondent] How is the situation of early 1995 different from that of the last year? What is Ukraine's role in those processes?

[Udovenko] In 1994, the crisis in Yugoslavia, where Ukrainian peace-keeping forces are also stationed, was aggravating. This is why we are now direct participants in the Yugoslav crisis, and therefore, its resolution. Ukraine initiated the work on and then pressed for the approval by the United Nations of a convention regulating protection of the peace-keeping personnel. We were the first to sign this convention, and hope that it will be approved by many states and become valid.

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Last year, Ukraine was more actively engaged in the process of integration with the European structures than it was in 1993. In particular, we approved the agreement on partnership and cooperation of Ukraine with the European Union. Also, Ukraine joined the "Partnership for Peace" program with NATO.

[Udovenko] Last year, two significant events took place in Ukraine itself. First, there was a program of economic transformation unveiled by the president and the signature of a relevant agreement with the IMF. This offers us an opportunity to receive financial assistance and credits from international financial organizations and provides favorable conditions for attracting foreign investments. The second important event was the approval by the Ukrainian parliament of the Nuclear Nonproliferation Treaty, which ensured our state security guarantees. Those guarantees were incorporated into a memorandum signed by the presidents of the United States, Russia, and Ukraine, and the British prime minister. Separately, such assurances were also given to us by the Chinese Government and the French president. Those states pledged not to use force and not even to threaten Ukraine with applying it. Finally, they refused to exert economic pressure on Ukraine. This particularly applies to our relations with Russia.

The image of Ukraine has improved significantly. It is easier to work for me than it was for my predecessor, because Ukraine is now regarded as a regular civilized state that makes good on its international commitments.

[Correspondent] What event of the past year would you call the event of the year?

[Udovenko] For European countries, including Ukraine, it certainly was the Budapest summit. Indirectly, it was of great significance for Asian and African states, too.

[Correspondent] What countries lie on priority vectors in the "multi-vector structure" of the Ukrainian foreign policy?

[Udovenko] We attach great importance to our relations with the United States and Canada, and in Europe, with Germany and Italy. However, if I mention only the above states, it would be an insult for, say, the Netherlands which has displayed much sympathy for Ukraine—and not only in politics—permanently participating in various assistance programs for our country. We seek to expand relations also with other states. For instance, over the past months, I received the foreign ministers of Finland, Denmark, and Greece, the Norwegian deputy foreign minister, and the state secretary of Switzerland. I maintain steady contacts with the German foreign minister. We are more active with some European countries, and less active with the others, but intend to develop relations with all of them. The same applies to China, India, and Iran... We also have not forgotten the African continent. Unfortunately, because of financial difficulties, we are not able to open our embassies in all countries where we would like to work. However, we are actively developing relations with Egypt and Guinea, with Algeria, Morocco, Tunisia, and some other states in the future.

[Correspondent] How do you think the Chechen crisis can affect Russian-Ukrainian relations?

[Udovenko] The Ukrainian Government made a statement on this issue on the day after Russian troops were sent to Chechnya. Afterwards, too, we repeatedly said that this is Russia's internal affair. We would not like to have our mutual relations undermined by those events. I met with representatives of our radical organizations which are critical of the Russian actions. I told them all: "Do not forget about Crimea." We condemn manslaughter and stand for a peaceful settlement of the situation in Chechnya. Nevertheless, I would not like to link the developments in Chechnya with Ukrainian-Russian relations. We need to build them in such ways so that we are able to ensure our state's political and economic independence. This is our goal.

Ukrainian, Russian Officials Sign Border Oblast Accord

LD2701184495 Kiev Radio Ukraine World Service in Ukrainian 1700 GMT 27 Jan 95

[FBIS Translated Text] Yevhen Marchuk, Ukraine's first deputy prime minister [for security], and Aleksey Bolshakov, a deputy prime minister of the Russian Government [in charge of relations with CIS countries], signed a Ukrainian-Russian agreement on cooperation between Ukraine's and Russia's border oblasts in Kharkov on today. Aleksey Bolshakov explained that the agreement was of a framework nature and was called on to simplify the mechanism for economic cooperation between the two countries' border oblasts.

Those present at the signing ceremony, the leaders of the 12 border oblasts of the Russian Federation and Ukraine, today also adopted a message to the two countries' presidents and government leaders. The document's authors expressed approval of the concrete steps taken by the leaders of Belarus, Kazakhstan, and Russia, which were revealed in the agreements, which were signed, on a customs union and a number of other documents directed at mutual integration. The leaders of the border oblasts expressed the hope that the intergovernmental agreement, which was signed, on cooperation between Russia's and Ukraine's border oblasts, would make it possible to begin preparing similar agreements between the Russian Federation and Ukraine in the near future.

Two Parties Condemn Campaign for USSR Restoration

LD2901173595 Kiev Radio Ukraine World Service in Ukrainian 1400 GMT 29 Jan 95

[FBIS Translated Text] The participants of a joint sitting of the coordinative council of the Party of Democratic

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Revival of Ukraine and the political council of the Labor Congress of Ukraine have condemned the campaign to collect signatures for the restoration of the Soviet Union, initiated by the communist and socialist parties [Communist Party of Ukraine and Socialist Party of Ukraine], the Civic Congress of Ukraine and other forces.

A statement on this matter particularly expresses the certainty that the socioeconomic situation in our country is difficult not as a result of independence, but because of the blocking of needed economic reforms by those, who now speak in favor of the union most loudly. The campaign to restore the USSR, the document's authors believe, not only aggravates the political situation in Ukraine, but also draws efforts away from economic reforms. Shamelessly falsifying recent history, the statement stresses, apologists for the Soviet Union are demagogically focusing on the Belovezhskaya Pushcha agreements and cynically disregarding the fact that Ukraine's state independence has as its source the will of the people, expressed in the referendum.

The sitting's participants believe that the latest proimperial initiative pushes Ukraine's people into an abyss of legal and economic chaos and social unrest. They called on all citizens to disassociate themselves from the organizers of this action and to unite their efforts to preserve Ukraine's independence and conduct economic reforms.

Space Cooperation Agreement Reached With U.S. Company

LD2901125195 Kiev Radio Ukraine World Service in Ukrainian 0900 GMT 29 Jan 95

[FBIS Translated Text] Fundamental agreements have been reached at the negotiations in Kiev between the leadership of the National Space Agency of Ukraine and representatives of the U.S. Earth Observation Satellite Company, EOSAT. In particular, it has been decided to consider the possibilities of preparing a joint pilot project with the financial aid of the Nunn-Lugar Fund. EOSAT also favors the incorporation into one of its programs of scientific data, to be supplied from the first Ukrainian satellite Sich-1. The satellite is scheduled to be launched in July this year. At the same time, the negotiations showed U.S. side's readiness to contribute towards commercial use of the satellite by interested countries.

National Affairs

Kuchma 'Sharply' Criticizes Cabinet

LD2801175395 Kiev Radio Ukraine World Service in Ukrainian 1700 GMT 28 Jan 95

[FBIS Translated Text] Ukraine's President Leonid Kuchma today held a conference with the leadership of the Cabinet of Ministers. The activity of the government officials was sharply criticized for inefficiency, procrastination, and carelessness in working out a procedure of settling accounts for fuels, and for violations made during the signing of agreements. Leonid Kuchma gave relevant instructions to the leaders of the law enforcement bodies to investigate these facts. He emphasized the personal responsibility of high officials of the Cabinet of Ministers for carrying out their duties. The president of Ukraine, in particular, raised the issue on the reduction and essential reorganization of its staff.

The president of Ukraine made a decision to dismiss (Bohdan Klyuk), the chairman of the board of the joint-stock society UkrHazProm [Ukrainian Gas Industry], from his post.

General Denies Knowledge of Chechen Recruitment

AU3001103195 Kiev HOLOS UKRAYINY in Ukrainian 27 Jan 95 p 8

[Unattributed report: "There Were No 'Wild Geese.' There Was a 'Canard'"]

[FBIS Translated Text] Launched by some foreign "voice" [radio], a rumor spread in Rivne: Recruitment of volunteers to the Russian Army is, allegedly, in progress throughout Ukraine; the mercenaries are then sent to the war in Chechnya. Moreover, in Rivne alone, two battalions of mercenaries have already been created. At that very time, the military council of the local army corps held a news conference for journalists. Major General Oleksandr Zatynayko, commander of the corps, answering numerous questions about the living conditions and political and combat training of the servicemen in the Rivne Garrison, also said that neither he nor members of the council had any information on the recruitment of those who are willing to fight in Chechnya.

Justice Ministry Warns Against USSR Restoration Efforts

AU2701143695 Kiev URYADOVYY KURYER in Ukrainian 26 Jan 95 p 2

[Statement by the Press Service of Ukraine's Ministry of Justice: "Ukraine's Ministry of Justice Explains"]

[FBIS Translated Text] The Russian State Duma has resolved to discuss, on 8 February, the question of Russian reunion. The project contains, in particular, a proposal to prepare a declaration on the readiness to unite Russia with other republics of the former Union. Without waiting for 8 February, a campaign has already started in Ukraine's Donetsk and Kharkiv oblasts for collecting signatures in favor of restoring the USSR. This is probably being done without the knowledge of the legal implications of such actions. The decision to hold an all-Ukrainian referendum is under the exclusive jurisdiction of Ukraine's Supreme Council (Article 87 of the Constitution).

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If signatures are collected for holding such a referendum, then, in accordance with Article 5 of the Constitution and Articles 5 and 15-18 of the law "On the All-Ukrainian and Local Referendums," the organizing groups that carry out such measures must be registered by the Central Electoral Commission for the All-Ukrainian Referendum. No such organizing groups are registered by the Central Electoral Committee.

Consequently, the actions by the organizers of the collection of signatures are qualified as a call for forcible violation of the state's territorial integrity (Article 62 of the Ukrainian Criminal Code) and are punishable by up to seven years imprisonment.

Besides, the activity of public and political organizations that leads to changing the constitutional regime and territorial integrity of the state by force may be stopped by a court procedure (Article 32 of the law "On Public Associations").

Chernobyl Plant's Third Reactor Shut Down

LD3001102095 Moscow ITAR-TASS in English 1007 GMT 30 Jan 95

[By UKRINFORM correspondent Aleksey Petrunya]

[FBIS Transcribed Text] Kiev January 30 TASS—The third reactor of the Chernobyl nuclear power plant in Ukraine was shut down late on Sunday because of a mistake of the personnel.

TASS learned from the press centre of the plant that the reactor was automatically switched off at 22.04 hours local time.

No other details have been available so far.

The Chernobyl plant is known for the worst nuclear disaster in the world which occurred in 1986 when its fourth reactor exploded.

Admiral Cited on Ecological Damage by Black Sea Fleet

AU3001124895 Kiev HOLOS UKRAYINY in Ukrainian 27 Jan 95 p 1

[Unattributed report: "The Ecological Damage Brought About by the Black Sea Fleet Is Twice Its Worth"]

[FBIS Translated Text] The ecological damage done to Ukraine by the Black Sea Fleet has been estimated at $19.4 billion and is almost twice the worth of the Black Sea Fleet itself, deputy commander of Ukraine's Navy Rear Admiral Mykola Kostrov stated on Wednesday [25 January] in an interview for the INTERFAX-UKRAYINA Agency. According to him, results of an analysis of the ecological consequences of Black Sea Fleet activity conducted by the interdepartmental commission of Ukraine's Ministry of Environmental Protection point to the catastrophic level of damage inflicted on the environment. About 9,000 cubic meters of industrial water and sewage is discharged annually into Sevastopol Bay, stressed the rear admiral. In the area of the petrol and oil yard, about 120,000 metric tons of petroleum products have accumulated in the soil of Sevastopol Bay.

Economic Issues

Turkmenistan Gas To Reach Crimea Last

954F1065A Simferopol KRYMSKAYA GAZETA in Russian 25 Jan 95 p 1

[Article by Galina Kostina under the rubric "Pressing Questions": "Crimea Is Sitting Right at the End of the Pipeline, but There Is Not Enough Gas for It"]

[FBIS Translated Text] In the last few days in Yalta and Alushta, the citizens had to come out of their apartments and into the streets..in order to get warm. Really and truly, it was warmer outside. Some people's central heating system radiators were still getting a little warm, but they did not give any signs of life in a majority of the homes. And the television report that Ukraine signed a treaty with Turkmenia on the delivery of gas did nothing to warm things up. It is even said that it is already coming, but very slowly somehow, and it is not reaching us at all. After all, we sit at the very end of this blessed pipe, which is called a main gas pipeline, and it comes to us through Kharkov, Dnepropetrovsk, Zaporozhye...

We asked Viktor Aleksandrovich Samsonov, chief of the Yalta interrayon production administration of the gas industry, what the situation is today and how soon it will be corrected. He said that he will not lie and promise anything, since to find those responsible for this situation, it is necessary to climb this very pipe to the top and farther.

"The situation is very bad. Crimea is now forced to manage only with its own reserves, but they can cover only 40 percent of the requirements in it. The planned mainline pressure should total 45 atmospheres, but we have 2.5. We are supposed to provide three atmospheres at the outlet of the gas regulating station, but we get only 0.2 atmospheres, which does not make it possible even for automatic equipment to work more. It is necessary to assume responsibility, turning off the automatic equipment, otherwise everything will stall.

"The situation is uncertain. I just made a call to Kharkov; they still do not have the necessary pressure there, so that I have nothing yet with which to make you happy. One of the main problems, you yourself know, is the huge debt payments: Ukraine owes $2.5 billion for gas!

"But there is nothing left for us to do other than to let our teeth chatter and wait for the delivery of Turkmanian gas. However, it would be nice, nevertheless, if this problem was paid more attention by those who are

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concerned about the difficulties of life of their fellow citizens. For example, this kind of a supposition has filtered into the press—that private hothouse owners have hooked up to the gas pipeline and are stealing gas. In the end, if there are any grounds for this supposition, it is not that difficult to verify this information, to find the thieves, and to give them what they have coming to them. Also verify a comment like this: Given such a sharp reduction in pressure, why is the volume of consumption being reduced just a little. Why?"

Kuchma Addresses Market Economy Conference

LD2701213495 Kiev Radio Ukraine World Service in Ukrainian 1410 GMT 27 Jan 95

[Report on address by President Leonid Kuchma to the international symposium "Contemporary Stock Market of Ukraine" on 26 January in Kiev—passages in quotation marks recorded]

[FBIS Translated Text] [Announcer] As the president of the state, I am the guarantor of market reforms in Ukraine and will never deviate from this, said Leonid Kuchma, president of our state, in Kiev on 26 January. More details in a report by Tamara Kucherenko.

[Kucherenko] Ukraine's President Leonid Kuchma made this statement while opening the international symposium Contemporary Stock Market of Ukraine - Methods and Procedure for its Establishment, which is being held with the assistance of the European Commission for Rendering Technical Aid to the CIS countries [TACIS].

As a matter of fact, this speech by the president has become the second most important one after he announced the new course towards radical economic reforms at the Supreme Council session on 11 October 1994. However, if at that time Leonid Kuchma just declared his intentions, now he clearly outlined the sectors in which market transformations should be carried out immediately. Having analyzed in a clear-cut manner the tendencies of his economic policy, Leonid Kuchma emphasized that 1995 would become a turning point in our history and substantiated this stand of his as follows:

[Kuchma] "The new policy is aimed not only at leading the economy out of the most severe crisis in the entire history of our people, but transforming radically all the links of economic relations and giving them contemporary, civilized, and socially effective shape.

"I have never been a utopian. I am a pragmatist; therefore, I have always been well aware of the incredible complexity of the tasks we set.

"I am also deeply aware of the fact that their implementation is a long and thorny way without laurels and applause, that in the end success will depend on the ability of the president and the power structures to consolidate society's most efficient forces, to concentrate their production and intellectual potential on the implementation of the set targets.

"Despite the short distance we have covered, despite the fact that we have not yet managed to change the course of events, to achieve appreciable economic stabilization, and thus stop the decline in the living standards of the population, we cannot but see the real economic transformations that have already been initiated and that, despite [word indistinct], are now laying the basis of restructuring which we are striving for and which will yield the anticipated socioeconomic results without fail.

"I do not think I am wrong, and I think you will support me, if I say that at present, we are not who we were six months ago, that today you must work in a fundamentally different, more favorable economic environment.

"Over a short period of time, we have managed to rebuild radically the system of currency relations. This is the basis of the market transformation. The positive significance of the processes taking place does not require any additional reasoning, their results are obvious: The karbovanets is acquiring real value; its international prestige is growing.

"We have launched the most complicated process of large-scale financial stabilization. On this basis, we have managed, over the fourth quarter of 1994, almost to halve the state budget deficit and to curb, at least to a certain extent, the huge inflationary potential which was fraught with finally undermining the basis of our economy. This has not happened. Inflation has not got out of control.

"I think there is no need to prove the positive significance of liberalizing the price formation mechanism, which is now under way. We have no other task more complicated than this one, as far as the sociopolitical aspect is concerned. However, it is only on the basis of its implementation that we will be able to resolve something the administrative system has never been able to do: On the one hand, to make the economy serve consumers, to make it work effectively to satisfy their needs, and on the other hand, to balance demand and supply; to saturate the market with quality products. You are well aware of the fact that tangible steps have already been made toward this end."

[Correspondent] The president drew the attention of the audience to the steps already made by our country towards privatization.

[Kuchma] "Just look at the chronicle of the current events and you will see for yourself. Today, on 26 January, the first Ukrainian certificate auction center is opening in Zhitomir. Applications have been made to auction nine of the city's large enterprises. Also today, the fourth auction of land plots will be held in Kharkov. Another significant event will take place tomorrow, starting a new page in the most naturally conservative sphere, the sphere of agrarian relations. We are talking

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about an auction of futures contracts for the forthcoming harvest. I think that even uneducated people will understand that this essentially marks a revolution in the sphere of agrarian reforms, a way towards a solution to the most painful problem, that of the gap between the seasonal nature of agricultural production and its current funding. Our inability to solve this problem in the previous years by traditionally administrative means was one of the key factors behind the autumn and spring upheavals that used to set off the hyperinflation spiral whose destructive power we know too well. Today, we are making definite steps towards a solution to this urgent problem. God help us make these steps productive. You know how important this is.

"I could name other quite important economic transformations that are already working in line with the processes we have launched. Their implementation is directly related to the process of establishing the financial market. It is an objective precondition of its existence. The fact that we are lagging far behind Russia in the development of the financial market has much to do with the inadequate development of these processes. Therefore, every step towards financial stabilization, price liberalization, and privatization consolidates the trends that you need to analyze in detail and make appropriate recommendations.

"Of course, I am not exaggerating what has been done. These are only the first steps. I also understand that a lot more could have been done, but in the end, the significance of these steps lies not only in solutions to specific problems. Without them, there is no development.

"There is something else to which I want to call your attention. As far as I am concerned, the most important thing about the changes that have taken place is the clear understanding of the road we have chosen and the certainty among the business community and the public in this country and abroad that this is the road along which our economy will develop, that these trends are irreversible, and that the scale of their implementation will continue to grow. I want to reiterate once more that, as the president of Ukraine, I am the guarantor of these transformations. I have assumed full responsibility for their implementation, and I assure you that I will never renounce my stand."

[Correspondent] In another passage, Leonid Kuchma outlined the establishment and development of Ukraine's stock market.

[Kuchma] "The stock market and the banking system are two interrelated structures that should become a locomotive of economic reforms. I want to assure you that the president, as well as the executive authorities on the whole, will work persistently to implement this very important thesis.

"Esteemed delegates! I think there is no need to emphasize the multitude of functional aspects concerning the financial market. I am convinced these problems will be fully covered in your presentations. Ukraine's Minister of Finance Petro Kuzmych Hermanchuk will also dwell on this in his speech. Allow me, therefore, to mention just one of the basic tasks facing the financial market: the renewal of the investment process in Ukraine and its effect on structural transformations. You know well that the weakest point of our economy is its structural deficiency. I mean, above all, the sectorial structure of production, which in the past four years not only failed to improve but even deteriorated.

"Over this time, the share of the output of consumer goods and products of the machine-building complex has decreased. Meanwhile, the share of the basic industries has grown. It exceeds 45 percent of the overall volume of industrial output. Real practice proves that with the existing level of energy supply, our economy cannot endure this structure. Without restructuring it fundamentally, all our attempts to lead the economy out of the crisis will be fruitless.

"What instruments and mechanisms can enable us to ensure structural changes in the economy? This is an exceptionally complicated issue. It is directly linked with ensuring real accumulation and overcoming the deep crisis of investments. What do we count on as far as this issue is concerned?

"I want to say absolutely frankly that we have no grounds whatsoever to count on state investments. The situation, as far as state finances are concerned, is such that in 1995 we are obliged to cut even the share of relevant expenditure. The financing of the social sphere must be improved at all costs. This is why we embarked on another, I believe, more promising and, most importantly, more effective road. This is what I mean: As I have already said, in conducting our policy during the first stage of economic transformation, we counted on ensuring at least minimal financial stabilization. We yielded some positive, although insignificant, results in this sphere. However, my team and I have always been aware of the fact that monetary measures alone cannot initiate renewal of the production sphere and its structural reorganization. Financial stabilization and a low rate of inflation are just the necessary objective prerequisites for developing the investment process, for redirecting the flow of capital from the sphere of circulation to the production sphere.

"Economic growth in conditions of progressing inflation and instability of currency is unknown to history. This is why we are forced to continue doing everything possible to ensure further deepening of the stabilization processes in the financial sphere."

[Correspondent] In Leonid Kuchma's opinion, the economic policy of our state requires new accents. Where to put them? Here is what Leonid Kuchma said about this:

[Kuchma] "They will be focused on stimulating the immediate investor. To implement this, a whole system of economic measures will be carried out. They are ponderable enough.

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"On the one hand, this is an essential reduction in taxes on the commodity producer, indexation of capital assets, and acceleration of the depreciation process. Traditionally, depreciation in Ukraine formed over 60 percent of investments. In recent years this index virtually decreased down to a zero mark. This should be corrected under any circumstances. On the other hand, this is the creation of prerequisites for increasing the amount of circulating money and thus gradually overcoming the crisis of payments. Relevant measures are being taken regarding this issue as well. What I have in mind is the improvement of the already initiated system of promissory notes circulation, the implementation of [words indistinct] of in- stock balance, legal exemption of up to 10 percent of the balance profit from taxation, which will be channeled to replenish circulating money, and so on.

"These measures should ensure a fundamental unity of the macroeconomic stabilization and direct stimulation of the producer. According to our calculations, they are to ensure essential growth in profitability, consolidation of the finances of the grass roots production structures, the setting up of a basis for the renewal of the investment process. In this situation, the possibilities of the financial market will also grow. Its mechanisms will direct a real flow of capital to the most promising branches of the production sphere, which will ensure relevant structural improvements. We count on this exact course of events. The speeding up of the corporatization of large and medium-sized enterprises should also contribute to this process.

"As far as this issue is concerned, it is especially important that the financial market support the companies that have already gone through the process corporatization. They should, first and foremost, experience a real inflow of capital. Take the Ukrrichflot [Ukrainian river fleet] company, whose shares are quoted at the Ukrainian stock exchange. Several days ago I read in a newspaper that their market value now exceeds 400 percent of their nominal value. This is the optimal pattern of development for which we should all strive. Otherwise, we will not only fail to resolve the radical issues of economic renewal, but will discredit the process of privatization itself. This should never be allowed to happen.

"Now on to some other issues. We believe that the most promising in the structural reorganization are science-intensive and highly technological branches of production which, even today, retain high scientific, technical, and intellectual potential. Ukraine's future is linked with the development of these branches, first and foremost."

[Correspondent] The Ukrainian president believes another priority is the agro-industrial complex's unique potential and possibilities in our state which, may I recall, not so long ago—at the beginning of the 20th century—was a monopolist on the European market of agricultural produce. This is what Leonid Kuchma told participants in the international symposium on the contemporary stock market in Ukraine about what Ukraine is doing in that respect.

[Kuchma] "I have already said that some of the latest presidential decrees have launched an in-depth restructuring of the system of agrarian relations that have been in place for many years and exhausted themselves long ago. In the context of these reforms, the agro-industrial complex can even now become the most attractive sphere of capital investment. Notice that there are more and more foreign investors in this sector of our economy.

"I freely admit that there are many opponents to the course chartered. Some openly say: Let us see what will become of it. This is politicking at its worst and contradicts the fundamental interests of our state.

"I want to say in connection with this that I, as the president, will do my best to ensure the planned reforms are put into practice. To me, this is turning into problem number one and I hope I will be given the support of all sound forces in society and, esteemed participants in this symposium, your support, in particular. This is an exceptionally favorable area for joint action.

"Another priority, that should attract the attention of all financiers, is quick capital turnover industries, (?consumer) goods manufacture, and consumer services. To us, this is effectively virgin soil where the scope for activity is unlimited. The principal element in tackling this problem is attracting private capital by way of energetically privatizing and stimulating small businesses.

"You know we are planning largely to finish small privatization this year. Executive authorities are taking the necessary organizational steps to complete this task.

"At present, relevant measures are being devised that are to ensure there is a settlement to the long-standing issue of land plots where small privatization facilities are situated. This process is already under way and I have spoken about land auctions. The legislative basis on this issue is lagging behind the actual practice, the shortcomings of which we intend to rectify shortly."

[Correspondent] I remind the audience of Ukrainian radio that Leonid Kuchma has repeatedly stated his intention to step up the investment process in Ukraine. At issue, in particular, was attracting to this work the considerable capital that remains abroad. Now, however, is the time to act, the president believes. So this is what will be done in this respect in the very near future.

[Kuchma] "The president will very soon sign a decree on the development in Ukraine of financial and industrial groups, which provides more opportunities in this respect. What is more, our economic services at present are working on some quite important new steps aimed at giving a fresh impetus to the return of the capital that remains abroad. It would be good if participants in this symposium expressed themselves on this issue, too.

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"As far as I am concerned, I understand full well that the economy of Ukraine, without resolving this problem, has no future and will not recover. To me, this is an axiom that requires no proof. As president, I will act exactly in this respect, in spite of any counteraction by any political forces.

"I would like, however, to be completely open on this issue: My actions in this respect can only be consistent on the condition that there is feedback and cooperation between ourselves in establishing the national economy.

"What I mean is, above all, eradicating the worst of evils, which is the enlargement of the shadow economy. Some estimate that the shadow economy at present accounts for over 40 percent of all economic operations. As soon as we abolished import quotas, barter jumped to 80 percent of external trade. You very well understand what this means to our state.

"Take the problem of tax payments. We brought in one of the lowest profit taxes in Europe, at 30 percent. Moreover, I want to say that, when drafting the respective law, my economic advisers proposed an additional tax on excess profit. I did not accept this proposal, as it would primarily limit the investment potential of those who work effectively.

"All this is well known. What is also well known, however, is something else: The lion's share of incomes today is not taxed. It is simply concealed. The introduction of a profit tax creates new opportunities for the virtuosi in this technique. If we do not check these processes, the profit tax tomorrow will double, as the treasury cannot be empty.

"The state is responsible for the socially unprotected strata of the population. We have 16 million pensioners. You must understand this. Here I call on every businessman to make an effort to establish the proper order in our state."

[Correspondent] Here is what Ukrainian President Leonid Kuchma said in conclusion.

[Kuchma] "I have repeatedly underlined in my speeches that, despite the enormous problems, this year will be the turning point in our economic history. We did not and cannot count on being able to change substantially the economic situation in a matter of months. This would simply be unrealistic. We, however, must do this in the course of this year. I want every one of us to realize that the development of our economy and society as a whole can otherwise suffer a reversal to the old times. It is clear that everybody, the worker, the peasant, the engineer, the teacher, the young, the pensioner, and the businessman, will lose out. We can forget about a better future and a civilized evolvement of our state.

"As the president, I cannot but consider the possibility of such developments and I cannot but raise this subject. We, however, are in possession of realistic fundamentals for this not to happen. We estimate that, moreover, we shall be able to reduce, as early as in the second half of this year, the inflationary process to the minimum and ensure that stabilization in industry is firm enough. This, clearly, is a foundation of a settlement to acute problems with the population's standards of living.

"I also want to say that I am also relying on political stabilization accordingly. I hope that we, under any circumstances, will be able to end confrontation between the legislative and executive branches of power and will find a civilized way to remove the differences that there are.

"The postulates of classic theory of economics pronounce that the main factors in production are land, labor, and capital. As I attempted to prove in my speech, we have an ample measure of the first, second, and third. The science of economics nowadays establishes there is a fourth factor, which is even considered primary: This is entrepreneurship. In this the potential of our people is inexhaustible. Life itself has proven this to be true after many a century."

"We, therefore, have everything necessary to regenerate our economy in reality. So I appeal to you and, through you, to all entrepreneurial structures, to the leadership of all state and non- state, large and small enterprises and organizations, to all producers, and to every citizen of our state: Let us do this together for these opportunities to materialize in full."

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Belarus

Opposition Scores Customs, Trade Accords With Russia

WS2701151095 Minsk BELAPAN in English 1700 GMT 26 Jan 95

[FBIS Transcribed Text] On January 26, at a press conference of the parliamentary faction of the Belarusian Popular Front [BPF] Zyanon Paznyak, Ivan Nikitchenko and Igor Germenchuk commented on the package of Belarusian-Russian agreements that had been signed on January 6. Zyanon Paznyak, in particular, declared that the agreements are of political nature and aimed at the incorporation of Belarus into Russia. In Mr. Paznyak's opinion, that "is a deal of the Russian mafia-bureaucratic circles and the Belarusian bureaucracy." "We define the signing of the agreements as an act which runs counter to the Constitution of Belarus, as an event which contains signs of high treason," the BPF leader said. According to Ivan Nikitchenko, the agreements restrict economic relations between Belarus and foreign countries, may involve Belarus into political intrigues of the Russian Federation, and the agreement on financial-industrial groups means the transfer of Belarusian strategic enterprises in oil processing and transportation, large tire production, new building material production and others into Russian hands. In short, every one of the 8 agreements is advantageous to Russia only.

In the opinion of the participants in the press conference, the introduction of common customs tariffs, will not improve, to put it mildly, the economic situation in the country. As known, Belarus-produced goods are of higher primary cost as a result of the Belarusian authorities' tax policy. That is why during the initial stage Belarus-produced goods should be liable to customs duties at lower rates. The BPF faction severely criticized the "Protocol on the Introduction of a Free Trade Regime Without Exceptions and Limitations," according to which the free trade regime is to be in force since January 1, 1995, on condition that the Belarusian Government confirms its commitments on transit matters before January 20, 1995 ... and carries out the necessary internal procedures to carry into effect the bilateral agreements on the terms of maintenance of Russia's military establishments on the territory of Belarus.

According to experts' estimates, in case of observing the conditions of this Protocol, Belarus will lose about $1.5 billion annually. The joint guarding of the external borders, stipulated by the customs agreement may also cost Belarus a pretty penny. In case of the possible economic sanctions on Russia in view of the Chechen events, these sanctions will be automatically extended to Belarus.

According to BPF faction, these Belarusian-Russian agreements contradict four articles of the Constitution (Article 1, 8, 100 and 146). But the faction is still refraining from appealing to the Constitutional Court because it is waiting what response of the Supreme Soviet to the agreements will be. It became known that the day before the Presidium of the Supreme Soviet declared for the ratification of 3 of the 8 agreements: on customs alliance, on financial-industrial groups, and on banking cooperation.

Affect of Possible Sanctions Against Russia Viewed

LD2701203095 Moscow INTERFAX in English 1726 GMT 27 Jan 95

[From the "Presidential Bulletin" Feature No. 17 (760); Compiled by Nikolay Zherebtsov, Andrey Petrovskiy; Edited by Vladimir Shishlin]

[FBIS Transcribed Text] Economic and political sanctions by the world community against Russia for its military operation in Chechnya would be borne by Belarus in full measure, the Belarusian Popular Front's [BPF] leader has said. Zenon Pozniak was speaking at a news conference in Minsk. He recalled that Belarus had signed with Russia a protocol on the regime of free trade and agreements on a customs union and basic principle of financial-industrial groups.

Pozniak believes that the conclusion of such treaties may abolish Belarus as an economic entity and an international legal entity. The opposition leader pointed to that article of the customs union agreement which described the customs union as "economic unification of the two countries".

BPF shadow Prime Minister Vladimir Zabolotskii has said he would call such treaties as "equitable agreements between a boa and a rabbit". He warned that they would strip Belarus of state sovereignty and economic independence.

Zabolotskii argues that Russia and Belarus will be unable to conclude an equitable treaty, because one of its member-countries (Belarus) produces $9.2 worth of the GDP per capita a month, and the other (Russia) $120.

Opposition members believe that equitable treaties with the Russian Federation must not be signed today for economic and political reasons. Pozniak said that Belarus should refrain from concluding treaties with a country that was using military force against its own people.

Zabolotskii described the customs agreement signed by the Belarussian and Russian Prime Ministers as an illegal act, because the agreement was an inter-state one and could be signed only by the heads of state.

IF Note: the lawfulness of the signed documents and chances of their ratification will be considered by the Belarussian parliament at its nearest session.

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Lukashenka Creates State Anticrime Fund

WS2701143595 Minsk Radio Minsk Network in Belarusian 1100 GMT 27 Jan 95

[FBIS Translated Text] President of Belarus Lukashenka has signed an edict on the creation of the State Fund for Combating Crime. In connection with this, the Finance Ministry, the Justice Ministry, the Interior Ministry, the KGB, the Main Directorate of Border Troops, and the State Committee for Customs were entrusted with the task to work out and approve, within two months, a statute on the procedure for calculating, evaluating, and selling confiscated and ownerless property. According to the edict, funds obtained from sales of this property will be included in the account of the State Fund for Combating Crime.

Twenty-Nine Parties Confirmed for Elections

LD2701181395 Minsk Radio Minsk Network in Belarusian 1700 GMT 27 Jan 95

[FBIS Translated Text] For over four months the Supreme Soviet of the republic has been discussing issues connected with holding elections to the new Supreme Soviet. Now the legal base for elections is in place, therefore, it is now a matter of holding this difficult campaign that has been entrusted to election commissions of different levels.

Here is what Professor Alyaksandr Abramovich, the chairman of the Central Commission for Elections of Deputies to the Supreme Soviet, told a BELINFORM correspondent: The right to nominate candidates to deputies has been granted to 29 parties registered at the Justice Ministry. They can nominate their candidates in any constituency where they have their primary organizations. The same right has been given to six veterans' organizations, as well as three republic's associations of disabled people. However, they all have to satisfy a number of additional conditions. For example, a particular party's primary organization must be set up according to the law. The law also requires that a candidate from a particular party should be its member. The same goes for election blocks. Incidentally, we have yet to register a single block.

Democrats Fail To Unite in Single Election Bloc

LD2801161995 Moscow ITAR-TASS in English 1544 GMT 28 Jan 95

[By BELINFORM-TASS correspondent Svetlana Kalinkina]

[FBIS Transcribed Text] Minsk January 28 TASS—The democratic forces of the Belarus Republic have failed to set up a single elections bloc. They have apparently learned nothing from the recent presidential elections, during which they proved to be utterly uncoordinated. They will apparently follow "different roads" during the forthcoming parliamentary elections, too.

There are two democratic elections blocs in the country today. The first to strike a political alliance for the next five years were representatives from the so-called rightist wing—the Nationalist Party, headed by the Belarus People's Front. Three democratic parties, which have obviously centrist political platforms, have set up the "Civil Concord" elections bloc. Their representatives have announced their intention to unite in a single party and to set up a single faction in the republic's parliament. Belarus analysts assess this step as a major success of the democratic movement.

As a matter of fact, the intention of the parties to form a single political force was the main reason behind the disagreements among Belarus democrats. Parliament member Gennadiy Karpenko, one of the "Civic Concord" leaders, stated that the Belarus People's Front Party was bluntly opposed to this. However, there are differences in the tactical approaches. The most important among them are problems of national relationships.

In the race for seats in the parliament the Belarus democrats are so far opposed by only one pro-communist elections bloc. Talks on the problem of unity are continuing among leftist representatives.

Moldova

Snegur Departs on Working Visit to United States

LD2801110895 Moscow ITAR-TASS in English 0951 GMT 28 Jan 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Transcribed Text] Chisinau January 28 TASS—President Mircea Snegur of Moldova left for the United States on a working visit today at the invitation of President Bill Clinton. Their meeting in Washington is scheduled for January 30.

This is the first meeting between Mircea Snegur and Bill Clinton. During the meeting the presidents intend to discuss economic and political reforms underway in Moldova, as well as aid being rendered by the United States to Chisinau in this process. They are also expected to touch upon problems of a settlement of the Dniester region conflict and the implementation of the Russian-Moldovan agreement on the withdrawal of the 14th Army of Russia from the left-bank regions of Moldova.

During his stay in the United States the president of Moldova will meet with representatives of the U.S. Congress as well as leaders of the International Monetary Fund and the World Bank.

Snegur, Party Leaders View Visit

AU3001122595 Chisinau BASAPRESS in English 2053 GMT 28 Jan 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/1/1995—Today at Chisinau airport President Mircea

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Snegur stated that his visit to the United States at Bill Clinton's invitation stands testimony to the interest displayed by the United States and President Clinton himself toward the democratic evolutions in Moldova and is an expression of the moral, political, and economic support for the Moldovan reforms. "During the meetings with President Clinton we will discuss current issues including those of the Moldovan eastern districts [Dniester region] and, undoubtedly, the 14th [Russian] Army's unconditional withdrawal from our country," said Snegur.

Recently, Moldovan media reported that the Chisinau delegation prepared an agreement on military cooperation with the United States. Snegur said that the agreement will stipulate that the United States will assist Moldova in instructing cadres and assurance of modern equipment for the Moldovan military institutions, all these being part of the Partnership for Peace program.

Since many U.S. politicians were interested in Moldova's stability and in particular in the 14th Army withdrawal, it is a shame that the Chisinau deputies did not know how to take the maximum advantage of this, said Nicolae Andronic, Moldovan deputy speaker, to the national radio. In his opinion the meetings between the Moldovan and U.S. legislators might become a tradition in requesting specific assistance for Moldova's vital problems, such as the economic reforms or the 14th Army withdrawal, which "unfortunately is delayed and people have not received explanations of its causes—either the Moldovan side is not too persistent or it is the Russian side that obstructs the withdrawal."

Nicolae Chirtoaca, co-chairman of the Liberal-Democratic Party, stated to the Moldovan radio that the businessmen included in the delegation might contribute to the attraction of foreign capital in the Moldovan economy. Deputy Vasile Nedelciuc, of the Peasants' and Intellectuals' Bloc welcomed Snegur's visit to the Unites States, expressing his hope that the president will request U.S. support in restoring the multi-party mechanism for settling the Dniester conflict. In Nedelciuc's opinion it would be opportune to tackle the issue of the Ilascu group's imprisonment [by Dniester authorities]. Valentin Dolganiuc of the FPCD [Christian-Democratic Popular Front—an opposition party] said: "The fact that Snegur received an invitation to visit Washington was determined by external factors, rather than the interest for Moldova as a subject of international law," adding that the FPCD "has always welcomed the visits to Washington, unlike those to Moscow or Almaty."

Sangheli Briefs Press on Government's Activities

AU2701161895 Chisinau BASAPRESS in English 1930 GMT 26 Jan 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 26/1/1995—Moldovan Premier Andrei Sangheli, held a press conference on government's activity during 1994 and its program of activities for 1995. According to the premier, as a result of the 1994 natural disaster, Moldova incurred losses equal to an annual budget estimated at 1.6 billion lei. In 1995, the gross domestic product is projected at 7.98 billion lei, which represents 89 percent of the 1994 level, said the premier. So far, Moldova has not broken the terms for credit reimbursements; this year the first credit worth $27 million will be completely reimbursed. The government committed to pay all accrued salaries and pensions in the first half of 1995. At the same time, it will apply drastic sanctions for fiscal evasions; only 15 important enterprises will enjoy tax rebates, said Sangheli. The premier did not exclude a drop in the national currency's exchange rate after its introduction into circulation in the eastern districts. He said that in 1995 Moldova will be politically and economically reintegrated. Soon, the government will sign a trade agreement with Russia for 1995, and in late February Romanian Premier Nicolae Vacaroiu will visit Moldova to discuss the agreement on friendship and cooperation as well as various aspects of the economic integration. Asked by BASA to estimate the costs of the 14th Army withdrawal and its equipment, Sangheli said that a package of legal documents deriving from the agreement will be worked out by February 1. Later, the technical aspects will be examined and part of 400,000 tonnes of munitions which cannot be transported will be liquidated on the spot. To avoid consequences harmful to environment, Chisinau will appeal to environmental specialists, including those from abroad, said Premier Sangheli.

Parties Running in April Local Elections Announced

AU2801210695 Chisinau BASAPRESS in English 2043 GMT 28 Jan 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 27/1/1995—Today the Central Electoral Commission (CEC) set up for the 16 April local elections held its first meeting in Chisinau. The CEC made public the political parties which announced their participation in the local elections and which are the following: the Democratic Forces Alliance, the Moldovan Communist Party, the Social Democratic Party, the Socialist Party and "Unitate-Edinstvo" Electoral Bloc, the Party of Economic Rebirth, the National Youth League, the Moldovan Women's Association, the Agrarian Democratic Party, and the Moldovan Republican Party. The CEC approved 44 electoral districts which include the eastern and southern districts. Asked whether the inclusion of these districts denotes CEC's wish to conduct the elections throughout Moldova or to elaborate a mechanism to ensure the right of people in these districts to participate in elections, Vasile Pascari, CEC chairman, stated that this was made in accordance with the local elections law. Valeria Sterbet, CEC secretary, stated that the southern districts, have already announced their participation in the elections by presenting the lists of local electoral commissions. Referring to the Tiraspol officials' position, Sterbet said that "CEC has not received any refusal to participate in the elections."

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Ciobanu Outlines 1995 Privatization Program

AU2701160595 Chisinau INFOTAG in English 2000 GMT 26 Jan 95

[FBIS Transcribed Text] Chisinau INFOTAG, 26/01/1995—"The chief aim of the 1995-96 Privatization Programme is to create conditions for stabilization, restructuring and recovery of the national economy, and raising standards of living," Ceslav Ciobanu, minister of privatization, said at today's press conference in Chisinau.

By the present time, 205 major and medium-size and 204 small enterprises have been privatized in the republic, which is over one-third of the privatization list. One of each four Moldovan citizens has realized his or her patrimonial bond to privatize housing or obtain shares of enterprises.

The new Privatization Programme, to be submitted for Parliament's consideration in near days, envisages the accomplishment of privatization for bonds by September 15, and transfer to privatization for money; intensive attraction of investment, including foreign one; steady development of securities market and opening of the Stock Exchange. The programme implementation will allow to shift to private ownership about two-thirds of state property.

Speaking about the programme's specific points, Ciobanu pointed out such moments as inclusion into the privatization process the land plots of enterprises to be privatized, and organization of investment tenders. A particular importance is attached to corporate management, and new relations between shareholders and privatized enterprises' administration. The ministry will continue implementing a nation-wide programme of education and information based on regular studying of public opinion.

According to the minister, the privatization is bearing its first fruit already. Opinion polls show that it is being backed by a majority of population, as well as by international community, including the World Bank, International Monetary Fund and neighbour countries.

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Kazakhstan

Nazarbayev Cited on CIS Coordination, Integration

MM2701132595 Moscow RABOCHAYA TRIBUNA in Russian 27 Jan 95 p 3

[Unattributed report under the "Contacts" rubric: "Next Meeting of CIS Heads of State Will Be Held in Almaty 10 February"—from the "Sodruzhestvo" section]

[FBIS Translated Text] Moscow—This was announced by President Nursultan Nazarbayev of Kazakhstan at a press conference on the results of his visit to the Russian Federation. An agreement on the date for holding the meeting was reached at talks which the head of Kazakhstan held with Russian Federation President Boris Yeltsin last week. During the meeting it is planned to conclude an agreement on peace and accord between the republics of the former USSR.

Answering a question on the coordination of the foreign policy activity of the CIS states, Nursultan Nazarbayev noted that the protocol on coordinated foreign policy actions between Russia and Kazakhstan which was signed recently by the diplomatic departments of the two countries is a step along this path.

From what Nursultan Nazarbayev said, relations between Kazakhstan and Russia are a priority in all spheres and may serve as an example for other states which are aspiring to gradual integration based on equal rights.

If a state aspires to development, it should integrate itself, irrespective of the size of the territories and the economic potential. There is no future for purely national states with closed borders. Therefore, the main question in terms of any country's geopolitical orientation is who to have contact with and who to develop with, the president stressed.

Signs Agreements in Brussels

LD2701204495 Moscow INTERFAX in English 1820 GMT 27 Jan 95

[From the "Presidential Bulletin" feature: No.17 (760); compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Nazarbayev signed in Brussels a number of documents, including Agreements on Partnership and Cooperation with EU [European Union], the European Economic Community, the Atomic Energy Community, the European Coal and Steel Association, and the interim trade treaty.

He emphasized that Kazakhstan was one of the first newly independent states to sign with the EU an interim trade accord, entitling "it to full-fledged partnership with all European states."

Noting that all the signed agreements "are absolutely essential for the republic", he described as principally important the fact that Kazakhstan equality in export-import operations is stipulated by documents. By his knowledge, the initial draft did not envisage the most favoured nation status, and that put Kazakhstan to disadvantage since EU countries could use anti-dumping measures against it. However, in the final document, "the imbalance was removed" because Kazakhstan "demonstrated dynamism, the potential of its reforms in the political and economic spheres" and "guaranteed a liberal investment climate".

In an interview with Interfax, [Economic Minister] Tileuberdin declared that unlike the document singed with Russia, the agreement between Kazakhstan and EU is free "of any restrictions or quotas." Even "discriminatory stipulations" in regard to labour migrants from Kazakhstan are dropped, the minister remarked.

In his opinion, the signed accords and their expected ratification by the parliaments of all EU countries guarantee that "all firms and companies can do business in Kazakhstan."

Water Supply To Kurgan Region Cut Due to Nonpayment

LD2701203695 Moscow INTERFAX in English 1912 GMT 27 Jan 95

[FBIS Transcribed Text] Kurgan, Jan 27 (INTERFAX-EURASIA)—The Yesil Main Department of Kazakhstan has cut water supply to three districts of the Kurgan Region (the Urals) where about 800,000 people live.

The Kurgan Region administration told Interfax that water supply had been cut as a result of non-payments of the region to Kazakhstan amounting to 300 million rubles.

The heads of the Kurgan and Kustanai (Kazakhstan) regions are now negotiating on the issue but as yet in vain. The sanitary-epidemic stations of the Kurgan Region are studying the possibility of using water storages and wells on the territory of the three Kurgan districts.

Treaty With Russia on Citizens' Legality

954F1007A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 21 Jan 95 p 1

["Treaty Between the Kazakhstan Republic and Russian Federation on the Legal Status of Citizens of the Kazakhstan Republic Permanently Residing in the Russian Federation and Citizens of the Russian Federation Permanently Residing in the Kazakhstan Republic"]

[FBIS Translated Text] The Kazakhstan Republic and the Russian Federation, henceforth referred to as the Parties, with the aim of effecting further development of friendly relations between them, recognizing the need to

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settle issues related to the legal status of citizens of one state permanently residing in the territory of the other state, striving in the interests of their citizens to ensure equal conditions of residence in the territories of both Parties, and desiring in this regard to afford the citizens of one Party permanently residing in the territory of the other Party a legal status most closely approximating the legal status of the citizens of this other Party, in particular with respect to civil, political, social, economic, labor, cultural, and other rights, bearing in mind provisions of the Convention on Legal Assistance and Legal Relationships in Civil, Family, and Criminal Matters, signed 22 January 1993 in the city of Minsk, reaffirming their obligations proceeding from universally accepted international documents on human rights to which they are signatories, guided by the Treaty on Friendship, Cooperation, and Mutual Assistance between the Kazakhstan Republic and Russian Federation dated 25 May 1992, in implementation of the Memorandum on Basic Principles of Resolving Issues Related to the Citizenship and Legal Status of Citizens of the Kazakhstan Republic Permanently Residing in the Russian Federation and Citizens of the Russian Federation Permanently Residing in the Kazakhstan Republic, dated 28 March 1994, have agreed as follows:

Article 1

1. For the purposes of this treaty, a citizen of one Party is considered to be permanently residing in the territory of the other Party if, based on authorization issued by this other Party, he permanently resides in its territory and is not a permanent resident in the territory of the Party of his citizenship.

2. In this treaty:

a) "Party of Citizenship" denotes the Party in which a citizen of one Party permanently residing in the territory of the other Party holds citizenship;

b) "Party of Residence" denotes the Party in whose territory a citizen of the other Party permanently resides.

Article 2

1. Certification acknowledged by the Parties as attesting to the status of a citizen of one Party permanently residing in the territory of the other Party, in accordance with this treaty, is considered to comprise a document issued by competent organs of the Party of Residence, or an annotation entered by competent organs of the Party of Residence in a document certifying the identity or citizenship of the person in question in accordance with legislation of the Party of Citizenship, as well as an annotation so entered in a document affording the right to cross state borders, with the exception of diplomatic and official passports.

2. The Parties shall exchange standard forms of the documents and annotations indicated in Point 1 of this Article, as well as information concerning which individuals are afforded the status of citizen of one Party permanently residing in the territory of the other Party, in accordance with this treaty. Such exchanges shall be effected through consular institutions of the Parties.

3. Training, work, official trips, and military service of a citizen of one Party permanently residing in the territory of the other Party do not influence his legal status as determined by this treaty.

Article 3

1. A citizen of one Party permanently residing in the territory of the other Party is obliged to observe the Constitution and legislation of the Party of Residence, and to respect its traditions and customs.

2. A citizen of one Party permanently residing in the territory of the other Party maintains legal ties with the Party of Citizenship and enjoys the patronage and protection of both Parties.

Article 4

1. A citizen of one Party permanently residing in the territory of the other Party enjoys the same rights and freedoms and bears the same obligations as citizens of the Party of Residence, except in instances stipulated by this treaty.

2. A citizen of one Party permanently residing in the territory of the other Party does not enjoy the following rights:

a) to vote and be elected to the highest state positions or representational organs of authority of the Party of Residence;

b) to participate in universal voting (all-state referendum) conducted in the Party of Residence;

c) to occupy positions in the diplomatic service, security organs, or internal affairs organs of the Party of Residence;

d) to occupy positions in the central organs of executive authority, as judges, or as procurator in the Party of Residence;

e) to occupy positions as head or deputy head of oblast, rayon, city, rural, and settlement administrations.

3. Citizens of one Party permanently residing in the territory of the other Party may occupy positions as heads and deputy heads of the structural subdivisions of oblast, rayon, city, rural, and settlement administrations, as well as of departments, directorates, committees, and other organizations within the system of local organs of executive authority, in accordance with procedure agreed to by the Parties.

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Article 5

1. Education documents issued to citizens of one Party permanently residing in the territory of the other Party at educational institutions of the Party of Citizenship are recognized in the territory of the Party of Residence, regardless of their date of issue.

2. The documents indicated in Point 1 of this Article afford the right to a citizen of one Party permanently residing in the territory of the other Party to enter an educational institution located in the territory of either Party, and are valid for acceptance for employment in the specialty indicated in these documents.

Article 6

1. In accordance with their legislation, the Parties guarantee citizens of one Party permanently residing in the territory of the other Party the right to possess, use, and dispose of property belonging to these citizens.

The acquisition of property by citizens of one Party permanently residing in the territory of the other Party is regulated by legislation of the Party of Residence.

2. A citizen of one Party permanently residing in the territory of the other Party participates in the privatization of state property of the Party of Residence on an equal basis with its citizens, in accordance with legislation in effect in the Party of Residence, unless otherwise stipulated by another treaty between the Parties.

3. If as of the time of entry into force of this treaty, a citizen of one Party permanently residing in the territory of the other Party has used his right to participate in the privatization of state property of one of the Parties, he does not have the right to participate in the privatization of state property of the other Party.

Article 7

Documents affording the right to cross state borders of the Parties, including with third states, are issued by the consular institution of the Party of Citizenship in the Party of Residence, upon coordination with the appropriate organs of the Party of Residence within one month.

Article 8

Matters on procedure for the conduct of military service by citizens of one Party permanently residing in the territory of the other Party are regulated by a separate agreement.

Article 9

1. The legal capacity and competence of a citizen of one Party permanently residing in the territory of the other Party is determined by the legislation of the Party of Residence.

2. With respect to matters involving the restriction or restoration of competence of a citizen of one Party permanently residing in the territory of the other Party, matters involving the declaration of a citizen of one Party permanently residing in the territory of the other Party as missing—whereabouts unknown or declared deceased, and matters involving the establishment of time of death of a citizen of one Party permanently residing in the territory of the other Party, competent organs of one Party shall inform the appropriate institutions of the other Party.

Article 10

1. Adoption or repeal of adoption, establishment or repeal of custody or guardianship in instances where the adopting individual, custodian, or guardian is a citizen of one Party permanently residing in the territory of the other Party, or where the individual who is the object of adoption or repeal of adoption, or the object of establishment or repeal of custody or guardianship is a citizen of the Party of Residence, are regulated by the legislation of this Party.

2. In the event that the establishment or repeal of adoption, custody, or guardianship is effected with respect to a citizen of one Party permanently residing in the territory of the other Party, the legislation of the Party of Citizenship is applicable.

Article 11

Liability for effecting compensation for damages in the event the perpetrator of the damage and the victim are both citizens of the same Party permanently residing in the territory of the other Party is determined in accordance with legislation of the Party of Residence, except in instances where the action or other circumstance serving as the basis for the claim for damage compensation took place in the Party of Citizenship, in which cases determination shall be made in the Party of Citizenship.

Article 12

Rights restrictions or additional responsibilities which are or may be established for foreign citizens in the Party of Residence are not applicable to citizens of one Party permanently residing in the territory of the other Party.

Article 13

Disputes between the Parties arising in connection with the application or interpretation of this treaty shall be resolved through consultations and negotiations between the Parties.

Article 14

The Parties shall adopt measures for development of a bilateral basis of agreement with respect to citizens of one Party permanently residing in the territory of the other Party.

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Article 15

This treaty is subject to ratification and enters into force as of the 30th day following the exchange of ratification instruments.

Article 16

This treaty shall remain in effect for a term of five years from its date of entry into force and shall be automatically extended for a subsequent five-year period unless one of the Parties declares otherwise within six months of expiration of the time frame in question.

Done 20 January 1995 in the city of Moscow in two copies, each in the Kazakh and Russian language, both texts being equally valid.

[Signed] For the Kazakhstan Republic N. NAZARBAYEV

For the Russian Federation B. YELTSIN

Goals of New Revival Party Stated

954F1057A Almaty SOVETY KAZAKHSTANA in Russian 25 Jan 95 p 1

[Report by Vadim Makhin: "Ascent of the Revival Party"]

[FBIS Translated Text] **An unusual news conference was held yesterday in Parliament House. Altynshash Dzhaganova, chairman of the Committee for Culture, the Press, News Media, and Public Associations, introduced to journalists members of the organizing committee for the creation in the republic of a new political association—the Revival of Kazakhstan Party.**

What kind of place in the political firmament does the new party hope to occupy? It intends to attract to its ranks broad strata of society for active participation in the upturn and development of the economy, science, and health care and a revival of the culture, traditions, and customs of all the peoples inhabiting our country. The party will express the interests of the middle class that is taking shape, the intelligentsia, employees of the social sphere, and public servants. The program statement that was read out by Altynshash Kairzhanovna also says that the purpose of the association is the social protection of women and the youth and support for the demands and initiatives of the majority of the population living on income from their own labor, war veterans, retirees, and the handicapped.

Noble goals, undoubtedly. But other parties also are saying and writing a great deal about these, and the situation is not changing for the better. Will the new association not be just one more political extra?

It is the conviction of the members of the organizing committee who spoke, and they included entrepreneurs and trade union employees, lecturers of higher educational institutions, scientists, artists, writers, and lawyers, that the party can count on a sizable social base. A number of entrepreneurs and stock companies have already supported it with their funds. Its supporters are operating actively in West Kazakhstan, Mangistau, and Akmola Oblasts and in the eastern and central regions of the republic.

Journalists inquired also about the new party's attitude toward such complex and serious problems as the Cossacks and private ownership of the land. As A. Dzhaganova observed, not all the actions and conduct of the leaders of the Cossacks correspond to the rules of law. At the same time, on the other hand, the culture of this category of the population, which has taken shape over centuries, cannot be denied. As far as the land is concerned, plots may be sold for the construction of plants, roads, and residential buildings, but the purchase and sale of agricultural land and mineral resources cannot be allowed. All this is public property. On the whole, however, the chairman of the parliamentary committee believes, society is not yet ready for the introduction of private ownership of the land, but this time will come.

The pointed nature of the questions and the unequivocal nature of the answers at the news conference showed that the main debate on the program and rules of the party will be mounted at its constituent congress. It remains to add that it will open in Almaty on 27 January. The ascent of a new political association begins. What will it be like?

Kyrgyzstan

UN Observer Arrives for Elections; Others To Follow

LD2601183295 Moscow ITAR-TASS in English 1628 GMT 26 Jan 95

[By ITAR-TASS correspondent Boris Maynayev]

[FBIS Transcribed Text] Bishkek January 26 TASS—A United Nations observer has come to Kyrgyz capital Bishkek to closely look into an election campaign and draw recommendations for the Central Electoral Commission of the Republic, a spokesman in the Kyrgyz Foreign Ministry told TASS. The United Nations has earmarked $20,000 for the purchase of computers and software and conducting workshops for participants in the run-up. Parliament elections in Kyrgyzstan are scheduled for February 5.

The source said the ministry had already received 26 applications for admission to the elections from different international organizations of the world. The Organization for Cooperation and Security in Europe (OSCE) alone intends to send 15 observers to trace the election drive. Bishkek will be also visited by diplomats from the Netherlands, Switzerland, and Hungary. Foreign observers will meet local mediamen on February 3.

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European Union To Help With Food, Other Aid

LD3001093795 Moscow ITAR-TASS in English 0829 GMT 30 Jan 95

[By ITAR-TASS correspondent Boris Mainaev]

[FBIS Transcribed Text] Bishkek January 30 TASS—The European Union will help Kyrgyzstan with food. Kyrgyz Prime Minister Abbas Dzhumagulov and E.Diskumaker, representative of the European Commission, signed in Bishkek an appendix to a memorandum on free food deliveries to Kyrgyzstan. Forty thousand tonnes of wheat flour and 500 tonnes of powder milk will soon be delivered to Kyrgyzstan.

The European Commission is helping six former USSR republics, including Kyrgyzstan, with economic restructuring, the commission's observer in Kyrgyzstan D.Desterbek told ITAR-TASS. The commission delivers food to that country, which is sold at local markets under its control. The money, obtained in this way, is spent on social programmes, education and public health.

The commission's observers keep the process under strict control and decide how the European aid should be distributed. For example, 80 per cent of the latest consignment of flour will go to the southern areas of Kyrgyzstan, that were affected by an earthquake and landslides last year. This way of rendering food assistance gives time to Kyrgyzstan for the development of its own industry and makes it possible for the Kyrgyzstan Government to get money for the restructuring of its economy and supporting people in the low income bracket.

The West has been rendering food assistance to Kyrgyzstan for more than two years. In 1992 Western countries delivered to Kyrgyzstan 1,633 tonnes of baby food, powder milk and canned food. In 1993 Kyrgyzstan received 328,000 tonnes of grain, 5,000 tonnes of butter and 1,000 tonnes of sugar. Last year the assistance was coming from 15 countries. Specifically, Turkey delivered 130,000 dollars worth of food to Kyrgyzstan.

Chinese Envoy Defends PRC's Nuclear Testing

LD2801101695 Bishkek AALAM in Kyrgyz No. 12 Jan 95 p 3

[FBIS Translated Excerpt] The Central Asian republics, including Kyrgyzstan, are considered a strategically very important region, since they are bordered on the west by Arabic and Islamic countries, on the south by China, on the north and east by Russia. This is why, under the pretext of occupying the market of the Central Asian countries, the major powers are surreptitiously carrying out activities to turn this strategically important region into a military base. Our neighbor China is considered one of the great powers, which looks with hostility and envy at Kyrgyzstan. Our correspondent specially addressed a few questions to (He Wei), first secretary of that great nuclear power's ambassador in Kyrgyzstan.

[(He Wei)] [passage omitted]

[Correspondent] Thank you for your time. Our concerns are that the great powers—, such as the United States, China, Japan, Turkey—may at sometime or other conduct imperialist relations against Kyrgyzstan.

[(He Wei)] China strictly observes the principles of nonviolation of borders and noninterference in the internal affairs of other countries. We will never interfere in the internal affairs of Kyrgyzstan. But other countries are violating these principles. For example, when several newspapers were closed in Kyrgyzstan the Americans delivered a lecture to the opposition on the pretext of training them how to fight for democracy. This is considered interference in internal affairs. But China will not do this. We always maintain neutrality. [passage omitted]

[Correspondent] Comrade (He Wei), there are frequent articles saying that the Lop Nor [Chinese nuclear testing ground] explosions are harming the health of the people of Kyrgyzstan. When will you halt the nuclear tests?

[(He Wei)] As a peace-loving country China is considering reducing and eliminating its nuclear weapons. At the same time, it is true that China is being forced to take measures because the great nuclear powers have still not stopped producing more developed types of arms.

The Lop Nor explosions do no damage to Kyrgyzstan. Inspections of radiation levels by experts show this. As the Kyrgyz say, if a piece of hay flies from Alai they will say that a mountain has flown; it is considered a groundless concern and an exaggeration. In Lop Nor the tests are carried out underground at a depth of dozens of meters. Our government has taken every measure to prevent damage to people who live near the test site.

Kyrgyz Advisers Earn More Than U.S. President

LD2701173895 Bishkek VECHERNIY BISHKEK in Russian 24 Jan 95 p 1

[Report by A. Karabekov—"Kyrgyz Advisers Earn More Than U.S. President"]

[FBIS Translated Text] Foreign experts earn from $10,000 to $30,00 a month. A total of 70 percent of the credits that Kyrgyzstan has received for technical assistance goes on exploiting foreign intellect. This comes to over $30 million a year. This was announced at a news conference at the White House [Kyrgyz Government building].

Credits from donor countries and international financial institutions total $550 million. Askar Sarygulov, the chairman of the State Committee for Investment, said that these are mainly allocated to cover the deficit in the balance of payments, to back the national currency, and to provide technical assistance. Most of the more than half a billion dollars is extended on preferential terms,

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with repayments between 1.75 and 3 percent over terms of between 30 and 40 years. Some of the credit is gratis.

Financial assistance has become the subject of political speculation. The leaders of the southern regions [Osh and Dzhalalabad] think the funds are distributed unevenly. The lion's share goes to the industrial north, mainly Bishkek and its environs. Sarygulov explained that there is no discrimination at all. It is simply that most of the enterprises due for reconstruction are located in the Chuy Region.

Enterprises and factories in Osh and Jalalabad are also to receive funding. For example, the Osh cotton enterprise has already received money, and assistance is planned for the silk enterprise. A large sum is to be spent on reconstructing the Bishkek-Osh and Osh-Irkeshtam highways. These routes will connect southern regions with the capital and open the way to China.

Sarygulov indicated that there were some problems regarding the credit line from the Turkish Government. Recently the Turks side supplied second-hand equipment, something not stipulated in the contract. Some business projects have not been worked through in economic terms, for example, the one for the five-star Ak-Keme-Pinara Hotel.

A question by a VECHERNIY BISHKEK correspondent about one of the first credits extended by the European Commission went unanswered. The credit was extended at a high rate of interest and for a short term. Kyrgyzstan must start repaying it this year. But that is not a problem.

At that time the former heads of Kyrgyzfarmatsiya and a deputy health minister signed a contract for the supply of medicines and children's food worth $25 million. Medicines that had passed their expiry date and fabulously expensive children's food were purchased. According to the most modest calculations, several times the necessary amount was paid for unusable medicines and children's nutrition.

This was done by experts whose competence cannot be doubted. So error and negligence can be ruled out. Calculated personal gain was at play here. The individuals who made a fortune out of this credit today no longer hold those posts. Kyrgyzfarmatsiy's new heads regularly receive one and the same consoling answer from the competent bodies: "The investigation is continuing."

Sarygulov turned VECHERNIY BISHKEK's" question round and addressed it to the government and the Health Ministry. But these are unlikely to provide a substantive answer. It is more likely that the case will be written off as being too old and nobody will be held responsible. The government will repay the unprofitable credit, which should never have been taken on, at the expense of the sick and the children.

Tajikistan

Aircraft Violating Tajik Airspace Belonged To Afghan Groups

LD2701192895 Moscow ITAR-TASS in English 1831 GMT 27 Jan 95

[By an ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow January 27 TASS—The aircraft, which violated Tajikistan's air space, penetrated over 100 km. deep into its territory and crashed about 200 km. south-east of Dushanbe on January 26, was piloted by Afghan Air Force Major-General Yazo Niali, who belonged to the Afghan group lead by General Rashid Dostam.

There are reports that the plane flown by Niali had bombed targets in northern provinces of Kunduz and Badakhshan, where positions of General Ahmad Shah Masood, a confidant of President Rabbani, are located. At the moment the Afghan pilot, who survived the crash, is in a hospital and is giving evidences as to why his aircraft violated the Tajik air space.

At the same time, this incident, according to assertions by military sources, bears an undisputed testimony to the fact that combat actions involving the use of aviation between warring armed groups supporting Rabbani, rebel generals of Hekmatyar and Dostam are continuing in the northern provinces of Afghanistan. In this context, the sources surmised, the groundlessness and falsity of accusations made by one of the leaders of the Tajik opposition Khojaakbar Turdjonzod about the involvement of the Russian aviation in bombing peaceful Afghan villages is quite obvious.

The sources hold the view that these slanderous fabrications are aimed at discrediting the Russian military contingent in Tajikistan which is carrying out its duties within the framework of the treaty between Russia and Tajikistan. These insinuations are aimed at, according to the sources, undermining the inter-Tajik dialogue to resolve the conflict in Tajikistan.

According to the same sources, the Tajik air space was violated by two air force jet combat planes from the Afghan territory. The second craft was a bomber, according to these reports, and was observed by Russian border guards deployed on the Pyanzh sector border outpost, but there were no reports that it left the Tajik air space.

Dushanbe Protests Air Space Violation

LD2701175695 Moscow INTERFAX in English 1711 GMT 27 Jan 95

[FBIS Transcribed Text] Dushanbe, Jan 27 (INTERFAX)—The Tajik Government has addressed Kabul with a protest against Friday's violation of Tajik air space by Su-25 planes belonging to the Afghan Air Force,

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Zafar Saidov, head of the Information Department in the Tajik Foreign Ministry told Interfax.

Tajik 1994 Budget 24 Billion Rubles in Deficit

LD2501141495 Dushanbe KHOVAR in Russian 0630 GMT 25 Jan 95

[FBIS Translated Text] The results of the implementation of Tajikistan's state budget in 1994 and the tasks of financial bodies in forming and implementing the 1995 budget were discussed at an extended meeting on 24 January of the Finance Ministry Collegium.

The representatives of regional, district, and town financial bodies and the heads of a number of ministries and departments took part in its work. Finance Minister Anvarsho Musaffarov reported that the revenue section of the republican budget as a whole achieved 104.5 percent of target. Some 40 billion rubles were received above the planned amount. However, the deficit was around 24 billion rubles. The deficit is small, but it must be borne in mind that wages, pensions, allowances, and grants have not been paid for a long time. Financial and tax bodies are required to tighten control over the targeted expenditure of funds. The Finance Ministry can and must this year help the expansion of production volumes, the efficient use of state funds, the curtailment of the budget deficit, and also with strengthening control and auditing work.

Great attention was paid to strengthening financial discipline and observing the established norms of distributing revenues between local and republican budgets.

Government Decree Regulates Export of Goods

LD3001125795 Dushanbe Radio Tajikistan Network in Tajik 1100 GMT 30 Jan 95

[FBIS Translated Text] The Government of the Republic of Tajikistan adopted a decree on measures to regulate the export of goods.

With the aim of increasing the efficiency of export operations, protection of the domestic consumer market, and implementing the 3 December 1994 decree of the president of the Republic of Tajikistan on immediate measures to promote economic restructuring and speeding up the transition to market relations, [the Government of the Republic of Tajikistan] decrees that:

By this decree, a list of those goods the export of which is taking place on established quotas under license from the Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan, a list of those goods the export of which is prohibited from the Republic of Tajikistan, and a list of those goods the export and import of which is taking place by decree of the Government of the Republic of Tajikistan under license from the Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan, shall be approved.

The Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan shall be instructed to finish the distribution of export quotas for 1995 together with the relevant ministries and departments within one month, and to submit them for approval to the Government of the Republic of Tajikistan.

The Ministry of Economy and Foreign Economic Relations of the republic shall be instructed to establish the republican fund of export goods quotas, and together with the relevant ministries and departments shall determine the procedure of its activity.

The Committee for Customs under the Government of the Republic of Tajikistan shall be instructed to prepare the regulations on passing and declaring the goods in accordance with this decree, and to submit it for approval to the Government of the Republic of Tajikistan. The Committee for Customs shall also establish a customs tariff unit, and taking into account the situation in the domestic consumer market, shall deliver reports every ten days to the Government of the Republic of Tajikistan on [words indistinct], coordinated with the Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan, the Ministry of Finance of the republic, and the Ministry of Trade of Tajikistan.

The Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan shall also be instructed to present proposals to the Government of the Republic of Tajikistan on introducing amendments to the acting legislation of the Republic of Tajikistan in view of the adoption of this decree, together with the Ministry of Justice of the Republic of Tajikistan, and other relevant ministries and departments.

Uzbekistan

Gas Agreement Signed With Kyrgyzstan

LD2901131795 Tashkent BIZNES-VESTNIK VOSTOKA in Russian 27 Jan 95 p 3

[FBIS Translated Text] An intergovernmental accord on trade and economic cooperation between Kyrgyzstan and Uzbekistan for 1995 was signed in Tashkent recently. The 10-member Kyrgyz delegation to the talks, including the heads of a number of industries and representatives from the state apparatus, was headed by Deputy Prime Minister Osmonkul Ibragimov. The main issue that was discussed was supplies of Uzbek natural gas to Kyrgyzstan. As a result, the parties agreed that this year Uzbekistan will supply its neighbor with 900 million cubic meters of gas worth $58.5 million, at the preferential price of $65 per 1,000 cubic meters.

In return, on a clearing basis, Uzbekistan will receive a number of industrial goods: electric motors, leather goods, woolen and other cloth, treacle, scrap nonferrous and ferrous metals, and some other items. The volume of Kyrgyz deliveries was set at $15.8 million. The agreement far from exhausts the economic opportunities now

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available to the two countries. For example, just a few years ago the list of goods which Uzbekistan and Kyrgyzstan supplied to each other ran to about 200. Why, then, have the republics now refused each other the items they used to supply, preferring to import them from afar? More than 1,000 joint enterprises have been set up in our republic. But the old partners from the CIS are rarely among them. Only five joint ventures involving Kyrgyzstan have been registered, and they are mainly occupied with services and building work. Is it really necessary to enumerate all the sectors and industries, from the food industry to heavy industry, where we could be partners on terms that would be of great advantage to both sides? Of course, there are quite a few reasons for the sharp fall in the number of economic contacts between Uzbekistan and Kyrgyzstan. They include the oft-mentioned disruption of economic contacts, the payments problem, and the shortage of currency in Kyrgyzstan, which found itself at a disadvantage compared with its closest neighbors after the Soviet Union collapsed. However, all of this is ultimately surmountable. After all, the single economic zone established a year ago by Uzbekistan, Kazakhstan, and Kyrgyzstan creates favorable conditions for doing so, as well as the appropriate legal foundations and preferential terms on which long- term cooperation should be built.

Central Election Commission Approves Final Election Results

LD2901130595 Tashkent NARODNOYE SLOVO in Russian 28 Jan 95 p1

[FBIS Translated Text] A meeting of the Central Election Commission for the Uzbekistan Supreme Assembly elections was held on 27 January 1995. The meeting was chaired by Qudrat Ahmedov, chairman of the commission.

The commission summed up the results of the repeat elections held on 22 January this year in seven constituencies where, in the 25 December 1994 elections and the 8 January 1995 repeat election, none of the candidates won sufficient votes for election as deputy to the Supreme Assembly.

A total of 326,512 people took part in the repeat elections; that is 91.6 percent of the total electorate listed on the electoral roll in the given constituencies. In the constituency situated in Bukhara Region 98 percent of the electorate voted; in the three constituencies in Surkhandarya Region 91.4 percent voted; in the one constituency in Fergana Region 92.4 percent voted; and in the two constituencies in the Republic of Karakalpakstan 88 percent voted.

Deputies to the Uzbek Supreme Assembly were elected in all seven constituencies: two deputies nominated by the People's Democratic Party, two by the Homeland Progress Party, and three by the local authorities.

After reviewing the documents sent in by the constituency election commissions as well as other essential documents, the Central Election Commission has registered all those elected in the repeat elections as Supreme Assembly deputies.

The formation of a corps of deputies to the Supreme Assembly in its first convocation, the supreme representative and legislative authority in the Republic of Uzbekistan, consisting of 250 deputies, has thus come to an end.

There are 69 deputies elected from the People's Democratic Party, 14 from the Homeland Progress Party, and 167 from the local authorities.

It has been decided to convene the first meeting of the first session of the Supreme Assembly [on 23 February].

The meeting also reviewed other matters falling within the competence of the Central Election Commission.

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Armenia

Carter Fund To Host Meeting on Karabakh

954F1058B Yerevan RESPUBLIKA ARMENIYA in Russian 24 Jan 95 p 1

[Unattributed article under the rubric "Region": "Carter Fund Organizes Meeting"]

[FBIS Translated Text] The fund of U.S. ex-president Jimmy Carter intends to organize at the end of February in the city of Atlanta a working meeting of representatives of nongovernmental organizations of Azerbaijan, Armenia, and Nagorno-Karabakh. The SNARK agency learned of this from the Nagorno-Karabakh committee "Helsinki Initiative-92."

It was reported that the purpose of this measure is to give new impetus to such negotiations that reached an impasse during the preceding meeting of representatives of these organizations in October 1994 in the town of Palo Alto near San Francisco.

It is noteworthy that the Carter Fund was also one of the sponsors of the meeting in Palo Alto, which was organized on the initiative of the Global Community Fund.

Karabakh Deputy Foreign Minister Named

954F1058A Yerevan RESPUBLIKA ARMENIYA in Russian 24 Jan 95 p 1

[Unattributed, untitled article under rubric "Appointments"]

[FBIS Translated Text] Prime Minister of Nagorno-Karabakh Republic Leonard Petrosyan signed an order for the appointment of Valeriy Atadzhanyan as the republic's deputy minister of foreign affairs. The new appointment should be approved at the forthcoming session of the parliament of the Nagorno-Karabakh Republic.

Parties To Form Bloc for Future Elections

954F1058C Yerevan RESPUBLIKA ARMENIYA in Russian 24 Jan 95 p 1

[Unattributed article: "They Will Act as a Unified Bloc"]

[FBIS Translated Text] The regular joint meeting of seven parties was held at the end of last week. During the course of it, based on common ideological-political approaches, representatives of the Republican Party of Armenia (RPA), the Armenian National Movement (AOD), the Ramkavar Azatakan Party of Armenia (PRAA), the Christian Democratic Union of Armenia (NDSA), the "Intellectual Armenia" union (SIA), Ramkavar Azatakan Liberal Democratic Party (RA LDP), and the Social Democratic Party of Gichakyan (SDPS) confirmed their intention to act as a unified bloc in the forthcoming elections. ARMENPRESS reported this from the AOD information center.

Economic Statistics for '94 Reported

NC2701210795 Yerevan NOYAN TAPAN in English 1430 GMT 27 Jan 95

[FBIS Transcribed Text] 27/01/95 (NOYAN TAPAN)—At the beginning of 1994 the food basket of the minimum budget consisting of 16 basic food stuffs was valued at 2,920 drams for person, and the whole budget was estimated as 4,490 drams. According to the exchange rate at that time on the cash dollar circulation market ($1 US = 85 drams), these amounts respectively constituted 34.3 and 52.8 dollars. At the end of the year the cost of the food basket rose to 11,240, and that of the budget to 17,290 drams. The exchange rate then was 405 drams for 1 US dollar, therefore, these amounts equaled 27.8 and 42.7 dollars respectively.

Thus, in drams the budget increased by 385 percent, while in dollars it decreased to 81 percent. This means that alongside with 4.7-fold rise in the dollar rate the level of consumer prices increased 3.85-fold and stipulated a 20 percent increment in the consumption capacity of the dollar on the markets of goods in Armenia. This, in its turn, allows to say that at the beginning of the year Armenia was closer to the average world price level than at the end. However, this process was far from being so simple. Let's illustrate it with the example of the parity between the consumption capacities of national currencies. In late August of 1994, according to the calculations of Moscow specialists, the correlation between the average level of consumer prices for 19 basic food stuffs in Russia and the USA constituted 0.293, i.e. for the same sum of dollars one could buy three times more products in Russia than in the US. Therefore, the real consumption capacity of the Russian currency was three times higher than the one according to the exchange rate.

This is what is called parity of consumption capacities of the national currency, when the official or exchange rate is being corrected taking into account the overall level of the consumer prices.

For the same date (late August), according to the calculations of the "Noyan Tapan", for 16 basic food stuffs the correlation between the overall levels of consumer prices in Armenia and in Russia constituted 0.92, therefore the correlation with the prices in the USA was 0.27. In other words, the overall level of consumer prices in Armenia was lower by 8 percent than that in Russia and 3.7-fold lower than that in the US. Therefore, the real consumption capacity of the dram was 3.7 times higher than the one in accordance to the exchange rate.

The same calculations conducted at the end of the year taking into account the rise in prices for December, indicated that the parity between dram and dollar consumption capacities increased to 0.41. A reverse calculation showed that in the beginning of 1994 this parity was equal to 0.50. Therefore, a very curious line of graph of this parity during the last year can be drawn: from 0.50 to 0.27, and then to 0.41.

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The following could comment these figures. In the first half of the year the pace of the rise in prices was the half of that of the dollar rate. This was caused by a low initial level of the exchange rate of dollar, and mainly by abundance of fruit and vegetable produce offered at local markets by domestic producers as well as establishment of steady trade connections with Iran, from where a number of important consumption goods were imported at relatively low prices (butter, eggs, sugar, household appliances etc.).

Starting September the situation abruptly changed. Consistent efforts of the Central Bank aiming to protect the national currency yielded the expected results and the exchange rate of the dollar practically did not change from August until December (a 15 percent increase), while the prices, especially after October was over, continued to grow and and drastically increased after the reforms in December. This caused in the second half of the year the average pace of increase of consumer prices to exceed 1.5-fold the pace of increase of dollar rate, which in its turn decreased by the same 1.5 times the real parity of the consumption capacity of the dram against the dollar.

It is anticipated that in 1995 this process will continue, i.e. the increment in the consumer prices will exceed the pace of devaluation of the national currency and Armenia will move closer and closer to the average level of the consumer prices in the world.

Azerbaijan

Iran Seeks Stake in Oil Project Despite U.S. Opposition

NC2701195695 Paris AFP in English 1645 GMT 27 Jan 95

[FBIS Transcribed Text] BAKU, Azerbaijan, Jan 27 (AFP)—Iran is to continue talks for a stake in an international consortium to develop Azerbaijan's oilfields despite the "absurd" opposition of the United States, the Iranian Embassy said here Friday [27 January].

It was reacting to a statement from the US Embassy here Thursday saying that Washington was against Iran's participation in the project because of Tehran's "inacceptable activities including support of terrorists."

The consortium includes US, European, Turkish and Russian oil companies. Azerbaijan itself has a 20 percent stake and is negotiating to cede five percent of this interest to Iran in return for Iranian financial help.

The US authorities have not indicated to Azerbaijan that US oil companies will be pressured to quit the project if Iran is included.

But US law prohibits Iran from access to US public money or subsidies, and Iranian participation in the project could create difficulties for international organisations helping to finance it, such as the World Bank.

The consortium was set up last year to exploit development of Azeri oil deposits in the Caspian Sea, particularly the Azeri, Chirag and Gyuneshli oilfields. Azerbaijan has a 20 percent stake in the consortium.

Consortium members include Azerbaijan, the US oil companies Amoco, Unocal, Pennzoil, McDermott and Ramco, plus the Anglo-Norwegian alliance of British Petroleum and Stateoil, Russia's LUKoil and the Turkish Petroleum Company.

The Iranian Embassy said in a statement that "absurd actions" by the United States could not damage the deep roots of common interests linking Iran and Azerbaijan.

The opposition of some "distant countries" to Iran's participation in the oil project amounted to interference in the internal affairs of Iran and Azerbaijan, the statement said.

The Iranian Embassy said a delegation from Iran's national oil company would arrive in Baku on Monday to continue negotiations.

Iranian Embassy Reacts 'Sharply'

NC2801194195 Baku TURAN in English 1205 GMT 28 Jan 95

["Iran's Embassy in Baku Sharply Reacted on the Information of the U.S. Embassy"—TURAN headline]

[FBIS Transcribed Text] Baku (January 28) TURAN—"The latest information of the US Embassy in Baku concerning the Armenian-Azeri cooperation in the oil industry cannot prevent the friendly relations between Iran and Azerbaijan," reads the statement issued today by the Iranian Embassy's press-service in Baku.

The statement notes that Iran and Azerbaijan are two neighbouring countries connected with each other by historical, religious and cultural ties. According to Iran's Embassy that information of the USA has a provocation character and expresses the intention of the USA to control the natural resources of the other countries and to interfere the internal affairs of these states.

The statement of the Iranian press-service in Baku notes that mutually beneficial cooperation between Iran and Azerbaijan is expanded in all spheres. In particular in accordance with the Azeri-Iranian Memorandum of 12 November 1994 the negotiations between Iran and Azerbaijan on the co-operation in the field of production, exploration and transport of oil go on.

"This cooperation is expanded and the visit of the delegation of the largest oil company of Iran to Baku on January 30 1995 will take place," reads the statement of the press-service of the Embassy.

The reaction of the Embassy came after the information of the US Embassy of 25 January 1995 which read that

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"the US government opposes the participation of Iran in the Western consortium with SOCAR [State Oil Company of Azerbaijan]." The policy of the USA is to "make Iran to refuse from its unacceptable policy, the refuse from the support of terrorism, in particular."

In accordance with this policy the USA "oppose giving the Iran share in this consortium, as it can give Iran political and economic profit."

U.S. Envoy's Factfinding Trip to Geranboy Reported

NC2701213195 Baku TURAN in English 1457 GMT 27 Jan 95

[FBIS Transcribed Text] Baku (January 27) TURAN—Today the US Ambassador to Azerbaijan Richard Kauzlarich has left for Geranboy region of Azerbaijan (300 kilometres to the West from Baku). According to the press-service of the Embassy it was the fact-finding visit.

During the last weeks the Armenian troops several times breaked a ceasefire regime in the Geranboy region (northern part of the Armenian-Azeri front) which is the border region with Nagorno-Karabakh. According to the commanders of the Azeri troops the Armenians moved forward into the territory of Azerbaijan for 3.5 km.

Several days ago the Azerbaijan's Foreign Minister Hasan Hasanov briefed the US Ambassador on the situation in Geranboy. It can be supposed that the purpose of the trip was to check the ground of the information of Azerbaijan and to check if it is possible to resume military actions on the Armenian-Azeri front.

Aliyev Discusses Issues With Minsk Group Delegation

NC2701142695 Baku TURAN in English 0818 GMT 27 Jan 95

[FBIS Transcribed Text] Baku (January 27) TURAN—Last evening the OSCE [CSCE] Minsk Group delegation headed by the co-Chairmen of the Minsk Conference, Anders Bwener and Vladimir Kazimirov, arrived in Baku. The delegation also includes Swedish diplomat, Ambassador Per Anderman, the Chief of the High Level Planning Group, Major-General Hayke Wilen (Finland) and other diplomatic and military experts.

On the same day the delegation was received by President Aliyev.

The greatest joint achievement is the eight-month-old cease-fire, President Aliyev said. He mentioned that the cease-fire regime is observed without introduction of the international peacekeeping forces in the conflict zone. "Azerbaijan will continue adhering to this regime," President Aliyev said.

President Aliyev told the OSCE representatives that over the past days the Armenian party has attempted to break the cease-fire regime and to accuse Azerbaijan of that. "Azerbaijan's Foreign Ministry has already issued the statement on this occasion," he mentioned.

I stand for quick conclusion of the Major political agreement on the conflict settlement to bring an end to the present situation "neither peace nor war", Azeri President said.

Russia's representative, Vladimir Kazimirov, also said the fact that the cease-fire regime is observed without introduction of the peace-keeping forces is the greatest achievement. Kazimirov also called for stoppage of "the propogandist skirmishes" between the warring parties.

Swedish representative, Anders Bwener, said that the activity of the Minsk Group is based on the three directions: 1) To define the tasks and the mandate of the co-Chairmen of the Minsk Conference; 2) To support the efforts of the acting OSCE Chairman to create the peace-keeping forces; 3) To coordinate the negotiation base.

Bwener and Kazimirov said that the first step for the creation of the coordinated base for the negotiations is the conclusion of the special agreement, which would favour the development of the negotiation process.

President Aliyev mentioned that Azerbaijan wishes quick conclusion of the Major political agreement, which will fix the programme of overall settlement. "This programme must reflect the following moments: restoration of the territorial integrity and inviolability of the borders of the Republic of Azerbaijan. It is natural that the programme can be realized stage-by-stage," he said. President Aliyev said that the activity of the Minsk Group must ensure the achievement of two basic tasks—conclusion of the Major political agreement and the creation of the OSCE international peace-keeping forces.

Then the meeting was conducted behind the closed doors. Today the delegation plans to leave for Hankendi [Stepanakert].

Georgia

'Powerful' Explosion in Tbilisi Near HQ's of Russian Forces

LD3001104095 Moscow Radiostantsiya Ekho Moskvy in Russian 1000 GMT 30 Jan 95

[FBIS Translated Text] Overnight there was a powerful explosion in Tbilisi outside the headquarters of the group of Russian forces in the Transcaucasus. Two Russian servicemen were lightly injured by glass from the shattered windows. The Georgian Interior Ministry's press centre assume that this explosion as well as the previous one, which happened on the night of 25-26 January, were organized by the same people.

Official on Explosion

LD3001113995 Tbilisi IPRINDA in Russian 1030 GMT 30 Jan 95

[FBIS Translated Text] Tbilisi [dateline as received]—The press center of the Group of Russian Troops in

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Transcaucasia disseminated a statement on 30 January saying that a terrorist act had been committed in Tbilisi at 0215 on 30 January. The blast was caused by a powerful explosive device planted outside of the headquarters of the border troops of Georgia group. There are no casualties. The building of the headquarters and nearby residential houses have been damaged. Colonel Vladimir Vozzhayev, commander of the Russian border .roops in Georgia, said that this was done by certain destructive forces in Georgia which want to create a conflict between the Russian border troops guarding the frontiers of a sovereign republic and its people.

"However, dispite this incident, the Russian border troops will continue to serve in Georgia in accordance with the wish of its people and government," Vladimir Vozzhayev concluded.

[Tbilisi IPRINDA in Russian at 1050 GMT on 30 January adds: "In connection with the 30 January explosion, Colonel Valerian Gogolashvili, head of the press center of the Georgian Interior Ministry, has reports that fragments of broken glass have lightly injured two servicemen guarding the building. (It should be noted that the headquarters of both Georgian and Russian border troops are situated in one building)."]

Shevardnadze on Talks With Kuchma, CSCE

954F1035A Moscow NEZAVISIMAYA GAZETA in Russian 18 Jan 95 p 2

[Interview with Eduard Shevardnadze by Nodar Broladze; place and date not given: "'We Do Not Have the Right To Keep the State in an Unglued Condition': The Georgian Leader on the Problems of the CIS Countries and the Need To Overcome Difficulties by Common Efforts"]

[FBIS Translated Text] [Broladze] Esteemed Eduard Amvrosiyevich, the official two-day visit of President of Ukraine Leonid Kuchma took place in an atmosphere not simply of mutual understanding and friendship but also of a mutual aspiration to actively support one another. How do you explain this?

[Shevardnadze] Finding an answer to this is not difficult. The traditions of age-old times play a part in themselves. The situation today is very complex both in Georgia and in Ukraine. Both parties are bent on reforms and are, in fact, building a new state and a new society. It should be considered here that although we have moved onto the right path, it is an uncharted one.

We are talking, therefore, about cooperation that has a salutary influence on the development of both our mutual relations and the processes connected with intrademocratic transformations. In other words, our plans, intentions, and designs exclude even a hint at a formal approach to the fulfillment of the political, economic, and other commitments that have been assumed. I would even say that what is meant are commitments ensuing from our joint, state vision of the problems facing us. This is the main point. All of us—I mean not only Ukraine and Georgia, all countries of the CIS—need informal cooperation.

[Broladze] You emphasized in the course of Mr. Kuchma's visit, incidentally, that the uniqueness of the visit and the joint work is that Georgian-Ukrainian relations are based on a friendship, cooperation, and mutual assistance treaty. You emphasized repeatedly the significance of the "mutual assistance" concept....

[Shevardnadze] Well, of course, and this is not a chance circumstance. It is, perhaps, even a kind of reference point for all of us who are a part of the Commonwealth of Independent States. It seems to me that we are at times too engrossed in the resolution exclusively of our own problems, forgetting that only close integration based on mutual assistance and a readiness for assistance could lead everyone out of the dramatic situation in which all we former Union republics have found ourselves. But I do not want now to focus attention on the past. We need to think about and concern ourselves with the future.

[Broladze] The economy and the clarification of relations at the regional level have become, as time has shown, the most painful matters for the new independent states. Let us start with the economy. How would you illustrate mutual assistance and support in this sphere in the example of the new agreements signed at this time with Ukraine?

[Shevardnadze] Reciprocal assistance and a mutual desire to facilitate and emancipate the cooperation process and make it more dynamic and efficient are expressed in the economic block of intergovernmental agreements that were signed.

For instance, the Free Trade Agreement stipulates especially that the parties shall refrain from the imposition of quantitative restrictions and shall not, in the main, apply export and import customs duty in respect to each other's goods nor, correspondingly, will the goods be subjected to domestic taxes or charges exceeding the corresponding taxes and charges that are levied on analogous goods of domestic production.

We agreed also that the principle of freedom of transit would be observed, and the unimpeded and duty-free transit of each other's commodities across their territories was ensured in this connection. A protocol on reciprocal supplies for 1995, which establishes the product mix and the extent of the supplies of both products and commodities, was signed. The Agreement on the Encouragement and Mutual Protection of Investments, according to which the investors of one party on the territory of the other will be accorded most- favored status and payments affecting the investors will be remitted without any restrictions or delays, is seen as a very important document also. I would mention, inter alia, the Agreement on the Organization of Settlements Between the National Banks also.

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We now have to breathe life into these documents, as they say.

[Broladze] Let us turn to the second problem, which is increasingly worrying all countries of the CIS, and not only these. I refer to what you have defined as aggressive separatism. How did the positions of Ukraine and Georgia in respect to this problem show through in the course of your negotiations with Leonid Danilovych Kuchma?

[Shevardnadze] I shall start by saying that our views and positions coincided in full. No separatism, especially in its modern form, has a right to exist. Georgia will restore its territorial integrity. According to my calculations, if circumstances favor this, the present year should be decisive not only in the sense of a settlement of the Abkhaz problem but in respect to a conclusive end to separatist processes within the CIS.

A telling blow must be struck at the aggressive principle in politics, and mini-dictators must finally understand that diktat from a position of strength not only does not correspond to their true possibilities but is also unacceptable for modern political and general morals. Georgia, for example, still does not want or would not wish for the start of a new armed conflict. Not only because this would once again have a serious impact on the life of society. A righteous cause will ultimately always triumph. And for this reason it is time, high time, to live and act in accordance with civilized norms and standards. And although many people believe that Georgia will necessarily begin a military offensive, we are rejecting these steps. Yes, we are building the army and strengthening the defense department as opportunities allow, but we are reluctant to resort to the aid of weapons from considerations of principle.

But it is not only a question of Georgia. Following all the upheavals that have in recent years befallen all the Union republics and, subsequently, independent states, we cannot look on one another with indifference. One binding ligament, strong and reliable, is essential if we are prepared, of course, to view the CIS as a viable international organization. Today separatism is being observed in Abkhazia and Chechnya, tomorrow its metastases could penetrate other territories also. A double-standards policy is inapplicable here. A common disease characteristic of all should be cured by joint efforts. When therapy is of no avail, the surgeons set to work. This is painful, but it also serves ultimate recovery. Although, to continue the comparison, there are unsuccessful operations as well. But in order to avoid bloodshed the approach must be unified. Separatists throughout the world should feel that their aspirations are illegal and, therefore, doomed. And this should depend not on the attitude of the great powers toward their intentions—a positive or negative attitude depending on particular considerations—but on respect for the principles of the highest justice and the rules of international law.

All these problems were within the field of vision of our talks with Mr. Kuchma to this extent or the other.

[Broladze] Both the president of Ukraine and you, Eduard Amvrosiyevich, have criticized international organizations—the CSCE and others....

[Shevardnadze] It is already obvious that a new system of security taking account of the interests of all states without exception should be formed in Europe.

[Broladze] We emphasized that Ukraine and Georgia should play an important part in this unified system. We see in this a concurrence of our countries' long-term interests. We agreed also that a new and just system is impossible without a stable, democratic, and united Russia. It has been assigned by historical destiny the paramount role in the CIS and it should be consistent and scrupulous in curtailing manifestations of aggressive, and not simply aggressive but disastrous, separatism. The CIS, correspondingly, may survive with a policy which is built on the basis of complete trust, mutual respect, real economic and political integration, and spiritual rapprochement.

[Broladze] The president of Ukraine emphasized that the new independent states today need strong presidential authority. What do you think about this?

[Shevardnadze] I agree. The situation today is such—both in Ukraine and Georgia and in other countries of the Commonwealth—that the level of sociopolitical discipline and organization is in need of an uplift and consistent strengthening. The destructive processes have, on the whole, been halted, but creation is still encountering a multitude of problems. The building of democracy is, I repeat, something new under our conditions. We are working and simultaneously learning to govern the country in an entirely specific situation. And we do not have the right to keep the state in an unglued condition. The countries of the CIS are not prosperous European states. They constitute a motley spectrum and knot of most difficult problems. The most important thing today is to take possession of the situation and work and find accord, respecting the aspirations and interests of our states and peoples.

And, finally, I would like to emphasize that in modern politics the personal relations, personal contacts, and unity of views manifested, particularly, in the course of our meetings with the president of Ukraine will undoubtedly perform an increasing role. And will unfailingly help the formation of new relations—nonroutine and sincere, informal and confidential—between leaders, countries, and peoples. These should be model relations based on mutual responsibility and a sense of fellowship. I would even permit myself to say that this is, perhaps, a command of our times.

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Estonia

Foreign Investments Amount to 3.2 Billion Kroons in 94

WS3001122695 Tallinn BNS in English 1706 GMT 29 Jan 95

[From the "Baltic Business Weekly" feature]

[FBIS Transcribed Text] In 1994, foreign investments in the Estonian national economy approximated 3.2 billion kroons (USD 260 million) of which some 2.2 billion kroons in donations to the fixed capital of the newly established and operating enterprises and another 1 billion in reinvested income and credits.

As reported by the Estonian Finance Ministry, a total of 1,451 enterprises with foreign capital participation were set up in the country in 1994. The bulk of the investments originated from Russia (280 million kroons, or 26 percent), Finland (119 million or 11.2 percent) and Sweden (101 million, or 9.6 percent). The direct investment by Estonian enterprises into foreign economies amounted to 28.5 million kroons.

Beginning with the restoration of independence in 1991, overall investment by foreigners into the fixed capital of Estonian enterprises is estimated at 5.2 billion kroons, to date.

According to the Estonian enterprise register, as of January 1, 1995, the largest share of joint venture created accounted for the Finns (52.2 percent of the overall number of enterprises with foreign participation and 22 percent of the total foreign capital invested). Other major investors were Russia (12.5 and 12.2 percent, accordingly), Sweden (11.1 and 27.6 percent), Germany (4.3 and 4.0 percent) and the United States (3.8 and 7.3 percent).

Per economic sector, the most attractive to foreign investors last year in Estonia were industry (732 million kroons), trade (593 million), and finance (69 million). In addition, money was also invested to business services, transport and communications, hotels and restaurants, farm entities and construction.

Similar to earlier figures, the bulk of foreign investment made in 1994 accounted for Tallinn and its adjacent Harju region (1,267 million kroons), the city of Kohtla-Jarve (70 million), the Jogeva region (31 million), the city of Narva and the Voru region (20 million each).

Trade Deficit Reaches New High in Dec

WS2701132395 Tallinn BNS in English 1609 GMT 26 Jan 95

[FBIS Transcribed Text] Tallinn, Jan 26, BNS—The deficit of Estonia's foreign trade in December was 665.3 million kroons, up nearly 1.5 times from November's 445.2 million kroons and breaking the previous record of 526.9 million kroons reported for July last year.

Estonia exported 1,650.9 million kroons worth of goods and commodities in December, while imports totaled 2,316.2 million kroons. Exports in December were down by 84.8 million kroons from the previous month, with imports crawling up by 220.0 million kroons over the same period.

While all monthly figures for 1994 showed a deficit in the country's foreign trade, the gap exceeded 500 million kroons in four months: March, July, October and December. February's 151.4 million kroon gap was the year's smallest.

Estonia traded in December with partners in 85 countries and had a positive balance with 41 of them.

The country's principal trade partners were (November's figures in parentheses):

	Percent of total exports		Percent of total imports
Russia	23.2 (21.8)	Finland	37.9 (42.6)
Finland	19.0 (20.1)	Russia	13.9 (13.3)
Sweden	11.4 (12.1)	Germany	10.0 (7.5)
Latvia	7.0 (7.5)	Sweden	9.8 (10.3)
Germany	6.1 (6.2)	Denmark	3.0 (3.3)
Lithuania	4.8 (4.5)	Netherlands	2.9 (3.3)

The biggest decline was recorded in exports to Finland—35.9 million kroons, followed by Sweden with 21.5 million kroons and Netherlands with 19.6 million kroons. Import from Germany grew by 68.2 million kroons, from Russia by 30.4 million kroons, and from Italy, by 28.5 million kroons. Import from Finland dropped by a total 51.1 million kroons in December.

The major groups of exported and imported goods were:

	Percent of export		Percent of import
Farm products	21.5	Farm products	13.3
Timber, products	9.4	Machinery, equipment	13.2
Clothes	8.4	Electrical equipment	11.8
Electrical equipment	7.3	Mineral fuels	9.5
Nonprecious metals	6.3	Vehicles	7.9

Increase over November was biggest in farm exports—42.4 million kroons, including 19 million for milk, dairy products and eggs, and 13 million for fish and meat.

Export of non-precious metals fell by 66.8 million kroons.

Estonia imported 37.4 million kroons worth of oil and other mineral fuels more in December than in the

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previous month. Import of machinery and equipment was up nearly as much, or by 37.1 million kroons.

The customs statistics reflect goods on which duties are paid on the border. They don't take into account the cash import and export of foreign currency, the natural gas piped into Estonia, and the import and export of electricity.

Lithuania

Statistics Show Monthly Salary Averages for 1994

WS3001122395 Tallinn BNS in English 1706 GMT 29 Jan 95

[From the "Baltic Business Weekly" feature]

[FBIS Transcribed Text] As reported by the Lithuanian Statistics Department, the average monthly salary amounted to some 470 lits (USD 117.5) in December. In 1994, Lithuania paid an average 366 lits (USD 91.5) in salaries.

In December, the minimum salary and the minimum subsistence level accordingly were 65 and 55 lits.

Like earlier, in December the largest salaries were received by banking staffers—1,486 lits which is 67 percent up relative to November. The average salary of ministry and departmental workers increased by 21 percent over the month to a total of 856 lits. Overall, the salary of employees in the state management sector amounted to 692 lits in December, down 157 lits from November.

The average salary of workers in the energy sector made 701 lits in December. Unchanged compared to November was the salary of workers in the farm and forestry sectors remaining at Lithuania's lowest figures of 167 lits.

In December, wages of workers in the budget-supported organizations amounted to 373 lits (320 in November), with those in commercial entities reaching 559 lits reflecting a 19-percent increase as against November.

Statistics Show Reduction in Farm Production in 1994

WS3001122495 Tallinn BNS in English 1706 GMT 29 Jan 95

[From the "Baltic Business Weekly" feature]

[FBIS Transcribed Text] In 1994, Lithuania produced less agricultural products compared to 1993, the National Statistics Department said. The reductions in grain produce were caused by a decline in the sown area and less productivity while sliding production of meat and milk was due to the reducing number of cattle and its lower productivity, as well.

Last year, Lithuania's sown area shrank by 5 percent, including grain crops—by 5 percent, potatoes—4 percent and sugar beets—23 percent. At the same time, the sown area of vegetables and flax rose by 10 and 120 percent, accordingly.

Last year grain and vegetables crops reduced by 21 percent, potato—41 percent and sugar beets—46 percent on average compared to 1993. The sole increase was the flax crop (up 108 percent).

The volumes of purchases of livestock and grain produce also reduced relative to 1993. Purchases of grain, for instance, reduced by 30 percent, potatoes—by 73 percent, vegetables—51 percent, fruit and berries—81 percent and sugar beets—47 percent, as against 1993.

Over the year, purchases of cattle and poultry dropped by 35 percent and milk by 23 percent while supply of eggs rose by 32 percent.

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